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Who Has the Yam, andWho Has the Knife? Social Action Funds and Decentralization in Malawi, Tanzania, and Uganda

N. Mungai Lenneiye

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Social Protection Unit
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Acknowledgements

Although I have taken on the role of scribe, this paper comes out of work undertaken by a large team made up of many actors in the Bank and in the three countries implementing the SAF under the leadership of Norbert Mugwagwa from the Bank side. This larger SAF team is made up of staff in AFTH1 , AFTQK, Country Offices, Management Units in the Tanzania Social Action Fund (TASAF) and Malawi Social Action Fund (MASAF), consultants, and Government staff on Project Preparation Teams for MASAF 3 and the Northern Uganda Social Action Fund (NUSAF). Thanks to Gerry Bloom, Samantha de Silva, Prasad C. Mohan, Norbert Mugwagwa, Hope Phillips, and L. Salema for their comments. This paper benefited greatly from comments received from Yongmei Zhou, Keith McLean, and Rodrigo Serrano-Berthet as Peer Reviewers, and from Sándor Sipos who chaired a review meeting and has been most supportive in the finalization of this paper. The paper tries to summarize the main milestones and outcomes of a process that has gone on for seven years, but I am sure that many important issues and actors have been omitted – in particular staff from Management Units headed by Sam Kakhobwe in Malawi and Emmanuel Kamba in Tanzania. SAFs are emerging as important tools in the poverty reduction strategies pursued by African countries with Bank support, and this paper concludes by drawing out some of the key issues in this area.

ABBREVIATIONS

CAS	Country Assistance Strategy
CBO	Community-Based Organization
CDD	Community-Driven Development
CDI	Community Development Initiative
CF	Community Facilitator
CMC	Community Management Committee
CMO	Community Management Organization
CNA	Community Needs Assessment
CSO	Community Support Organization
CSO	Community Support Organization
CSP	Community Sub-Project
CSPC	Community Sub-Project Cycle
DANIDA	Danish International Development Agency
DC	District Council
DCEO	District Chief Executive Officer
DPC	District Project Coordinator
DDC	District Development Committee
DDF	District Development Fund
DfID	Department for International Development
DLA	Demand-Led Approach
DPPP	District Participatory Planning Process
DTPC	District Technical Planning Committee
E-PRA	Extended Participatory Rural Appraisal
ESP	Essential Service Package
GEA	Government Executive Agency
GOM	Government of Malawi
GOT	Government of Tanzania
GOU	Government of Uganda
IEC	Information, Education, and Communication
IGA	Income Generating Activity
IPF	Indicative Planning Figure
KISS	Knowledge and Information Sharing System
LA	Local Authority
LGA	Local Government Act
LGRP	Local Government Reform Program
LGSP	Local Government Support Project
M&E	Monitoring and Evaluation
MASAF	Malawi Social Action Fund
MDG	Millennium Development Goal
MPRSP	Malawi Poverty Reduction Strategy Paper
MTEF	Medium Term Expenditure Framework
MU	Management Unit
NACCEA	National Advocacy Committee for Community Empowerment and Accountability
NATC	National Advisory Technical Committee
NDP	National Development Plan
NGO	Non-Governmental Organization
NLGFC	National Local Government Finance Committee

NSC	National Steering Committee
NURP	Northern Uganda Rehabilitation Project
NUSAF	Northern Uganda Social Action Fund
NVF	National Village Fund
O&M	Operation and Maintenance
O-PRA	Open-Ended Participatory Rural Appraisal
PEDEP	Primary Education Development Project
PIF	Project Interest Form
PMC	Project Management Committee
PMU	Project Management Unit
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
PSIP	Public Sector Investment Program
PWP	Public Works Program
RFF	Request For Funds
SAF	Social Action Fund
SF	Social Fund
SDA	Structural Dimensions of Adjustment
SOBOQs	Standard Operating Bills of Quantity
SoPs	Schedules of Provisions
SPC	Sub-Project Completion
SSA	Sub-Sahara Africa
SSP	Social Support Project
TASAF	Tanzania Social Action Fund
TBA	Traditional Birth Attendant
VLPA	Village Level Participatory Approach
WFP	World Food Program

FOREWORD

Large bureaucracies, be they government, business or, as in the present case, development, tend to fall prey to the "party line" and thereby relinquish the originality of thought and boldness of action needed to not only keep themselves alive and sentient, but to be able to deliver on their mission or vision statements. The difference between the business and other bureaucracies is that market forces, when allowed to play themselves out, offer a tidy, often sudden solution to the problem by rendering that business irrelevant.

This "party line" on decentralization is that it is, in general, the way to go – all hindrances to it must be addressed and removed. The question that is very rarely asked is – how does this square with some of the organization's other dominating approaches, such as Community-Driven Development ? This publication, *Who has the yam and who has the knife*, seeks to illustrate and address the creative tension needed to ensure an equitable distribution of power over the development process by examining how putting the yam (resources) and the knife (the Financing Agreement) in the hands of the central and district bureaucracies and the communities respectively can contribute to democratic decentralization. Three Social Action Funds (SAFs) in Africa are examined in this regard – in Malawi, Tanzania and Uganda. The Community Sub-project Cycle (CPSC), an integral part of the SAFs, is analyzed to show how a demand-driven process with in-built mutual accountability can result in communities realizing their aspirations while remaining accountable to government, and vice versa. The more formal way of capturing the issue would be to ask if governance can be broadened and deepened so that community needs become an intrinsic and measurable part of district and national plans.

The more fundamental question raised is whether communities, governments and donors can wait for the often slow and halting pace of decentralization in Africa to pick up so that decentralized development needs can be met. Some related questions can be: are Social Action Funds the way to go so as to prepare communities for the day when decentralization finally arrives at the village level? Should SAFs necessarily be multi-sectoral ? And finally, given the pace of decentralization, what is the future of Social Funds in Africa?

This publication, based on experience from the field, outlines and responds to the challenges posed by this "dual" development. By putting some flesh on the bones of the "party line", it provokes the intelligence without insulting it, and tells us that often, the real "poverty" is that of ideas and vision.

Dzingai Mutumbuka,
Sector Manager, Human Development
Africa Region

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SUMMARY
The African expression *"I have the yam, and I have the knife"* describes the centralized distribution of power and resources. The three Social Action Funds (SAFs) in Africa described in this paper support action-based decentralization by leaving the yam (resources) in the hands of bureaucracies (central and district) supported by elected representatives, and handing over the knife (Financing Agreement) to communities and their institutions. This is done through the direct funding of community 'sub-projects' under a Community Management Committee (CMC) elected by the beneficiaries, while government representatives retain power to oversee how communities are using the resources they receive under the Financing Agreement. The Community Sub-Project Cycle (CSPC) outlines management procedures that regulate this distribution of power so that communities are able to 'slice part of the yam' in accordance with their needs and capacities, and still remain accountable to Government. This paper outlines the central role a CSPC plays in ensuring that the yam and the knife remain in different hands. It documents experiences from Malawi, Tanzania, and Uganda where the SAF as an instrument for resource transfer has been under implementation since 1996 in Malawi, 1999 in Tanzania, and 2002 in Uganda. It suggests that innovations are emerging which could have a major impact on the direction of decentralization and local governance in Africa, especially the 'space' between communities and District-level Local Authorities (LAs), to complement efforts in the decentralization of legal and financial power from the center to districts. In this 'space', the SAF mimics central government where resources are controlled by a central Ministry of Finance while technical programming is left with sector ministries.

Central government bureaucrats have long held the view that there is little capacity to manage resources in and by the districts, and that the decentralization of finances will be a long time coming. It is through a learning by doing approach that SAFs have countered the centralist assumption of decreasing efficiency as one progresses towards the community level, and have tried to tackle capacity building issues by demonstrating that individuals, households, communities, and lower level structures have the ability to apply resources to the resolution of development problems. The SAF, in one step, hands the knife to communities, past the district bureaucrats and their elected bodies who jointly hold the yam with a central project management unit. This power sharing aspect of the SAF has generated intensive discussions among bureaucrats, and this paper on the institutional nature of SAF is part of this debate. The paper seeks to contribute to the debates on whether the Community-Driven Development (CDD) approach can successfully transform these relationships further by completely taking the yam out of the centre's grasp and handing it over to LAs and NGOs, while leaving the knife with communities. In such a situation, the SAF could become an important instrument for deepening governance in Africa by empowering communities so that their prioritized needs become an integral part of district and national plans. As a step towards that goal, the SAF has created development space for communities to partner more equitably with Central and Local Governments when addressing development priorities. The adoption of open-ended and extended Participatory Rural Action (PRA) tools to define more clearly the roles of LAs and communities respectively is opening the way for traditionally centralized SAFs to become integrated into LAs without losing the advantages of direct engagement with communities.

In the design of successor Social Action Funds (SAFs) in Malawi, Tanzania, and Uganda, the debate on decentralization has become central to the outcome. This note tries to capture what has been learnt about the Social Action Fund (SAF) within the framework defined by decentralization and the Community-Driven Development (CDD) approach; and its significance in poverty reduction strategies in Africa.

The first and second phases of MASAF were very much based on experiences from Latin American and North African Social Funds, and the way they had been adapted in Zambia through the Zambia Social Investment Fund (ZAMSIF). Community Needs Assessments (CNAs) prior to the design of MASAF had suggested that Government had underestimated the capacity of communities, and their abilities to address their problems. After a visit to Malawi by the President of Tanzania in 1998, TASAF was designed to tackle poverty in the forty districts that showed persistent poverty in spite of evidence that the national economy was recording impressive rates of economic growth. TASAF was thus geographically targeted to these forty poorest districts and the two islands of Zanzibar and Pemba. These SAFs in the 1990s were thus first generation aimed at stimulating existing social capital for the construction of community infrastructure.

The Northern Uganda Social Action Fund (NUSAF) designed in 2000, as a follow-up operation after a large infrastructure project in the conflict-ridden Northern part of Uganda recorded limited impact, and it used experiences from MASAF and TASAF to finance Community Development Initiatives. In the context of Uganda's decentralization strategy, NUSAF was the first of the three SAFs to tackle the challenge of decentralization and to define benchmarks for measuring LA performance in the implementation of SAF. Thus, NUSAF was a transition operation, but not quite a second generation SAF.

It was in MASAF 3 and the second phase of TASAF that coherent SAF implementation strategies were integrated into the way LAs are developing. MASAF 3 used the experience of NUSAF to push the SAF-decentralization agenda forward, and this in turn informed the design of TASAF II – where LA fiduciary criteria were adopted to assess the use of SAF resources within the LAs. In the context of the African SAF, both MASAF 3 and TASAF II can be considered second generation SAFs which have moved community empowerment closer to Local Government empowerment, and strengthened the associated support systems in terms of capacity building, accountability, and seeking the best alignment between communities, LAs, and central government in the way SAF resources are used.

These three SAFs are funded by the World Bank and experiences from their operations have so far not been widely shared in the three countries or in the Bank itself. As discrete projects, these SAFs get regular technical inputs from Bank staff who undertake implementation review in the form of 'supervision missions' – when Bank staff work with Government, development partners, and Management Unit staff to review progress against the legal agreement between the Bank and the borrower. Using information from visits to communities and from consultations with Government officials, Bank supervision missions have been able to monitor the handling of the 'yam' and the 'knife' and to give advice based on Operational Manual provisions . This paper is based on information from these implementation reviews and various documents used in the preparation of new projects, but without any extensive impact assessments of these projects. Through various consultations and technical reviews, Bank teams working on these projects have in effect become part of the centre 'holding the yam' and using progress reports to confirm that the CSPC is working to regulate control over both the 'yam' and the 'knife'. This paper is mainly about the processes rather than outputs and outcomes (which will be the subject of comprehensive reviews already planned) and is targeted at those struggling to improve the design of SAF as an instrument for service delivery. The paper started as notes on the CSPC, and evolved into what it is now; with the notes now as annexes, but the goal of helping practitioners remains the same.

In advocating for communities to 'hold the knife', those who work on SAFs accept that the poor have an obligation to do something about their own poverty and not be spectators while others work on poverty reduction strategies and implement projects. This paper is work in progress, summarizing what we think we have learnt. In section 1, the paper outlines processes followed by various actors in the implementation of SAFs using the CSPC. The pre- and post-CSPC activities are part of the overall planning processes adopted by districts and national sector ministries when allocating and targeting resources to those areas that can have the maximum impact on reducing poverty. Section 2 on the challenges of decentralization outlines the main issues that the team working on SAFs in East, Central and Southern Africa is grappling with as SAFs become better refined instruments for transferring resources to address poverty in Africa. In section 3, the broad issues of decentralization, social funds, and the CDD approach are explored in terms of how the team working on these SAFs has responded to emerging challenges. Section 4 looks to the future when SAFs and the CDD approach could have become fully integrated into the way governance partnerships promote development initiatives in Africa.

1. MANAGING WITH THE COMMUNITY SUB-PROJECT CYCLE

1.1 Overview

The Malawi Social Action Fund (MASAF) was established as part of meeting the objectives of the Poverty Alleviation Policy Framework developed by the government that was elected under the multi-party political reform of 1994. The fist phase (MASAF I) was launched in July 1995 while a second repeater phase (MASAF II) was launched in December 1998. A review of MASAF 1 had established that the disadvantaged and vulnerable persons did not fully participate or benefit substantially from MASAF's funding in CSP and PWP because these groups were not able to organize themselves and approach MASAF. A Sponsored Sub-Projects (SSP) component was introduced in MASAF II by piloting 12 projects where sponsoring agencies (NGOs, CBOs, and others) would approach MASAF for funding on behalf of the vulnerable. The small SSP pilot in MASAF II was based on the experience of MASAF I that NGOs were also not very forthcoming in support communities under PWP and CSP. It was soon to emerge that communities could form CBOs, mobilize some local NGOs and respond to the needs of vulnerable groups; and the SSP was scaled up to over 300 pilot sub-projects. In November 2003, a third phase (MASAF 3) was launched, and several changes were introduced in terms of operational procedures, the scope of the Project and the number of components in the Project. MASAF 3 is a twelve year adaptable program of lending (APL) with three phases of 3, 5, and 4 years to allow MASAF to fully adopt the Community Driven Development (CDD) approach.

The Tanzania Social Action Fund (TASAF) was started in 2000 as an investment to complement the interventions by national government to restructure the economy by opening it up to the private sector and at the same time stabilize the macro-economic situation in the country. TASAF originally had two components to support the implementation of community based sub projects, namely Community Development Initiatives (CDI) and to finance District Council-managed Public Works Program (PWP) for cash transfers to food-insecure poor communities. As in MASAF, a review of implementation of sub projects under these two components established that the disadvantaged and vulnerable persons did not fully participate or benefit substantially from TASAF funding because these groups did not have the capacity to mobilize themselves and solicit resources for the purpose of improving their livelihood. The Social Support Projects (SSP) window was created under CDI to respond to the needs of vulnerable and marginalized persons by channeling resources to the beneficiaries and foster families through intermediary organizations (NGOs, CBOs, etc.). In the successor project under preparation, components were abolished in favor of a National Village Fund (NVF) with specific access/approval criteria that can be used to finance community requests as long as community requests (a) assisted a community contribute to Tanzania's Poverty Reduction Strategy (PRS) targets, and (b) were identified through a participatory process, with a minimum community contribution, and did not violate any national sector norms and standards. Furthermore, the approval authority for sub-projects was taken away from the national level and split between LAs and Village Councils – the national level only having authority to review compliance of requests with national sector norms before disbursement of funds to LAs and communities can take place. A Village Fund[1] under the Village Council was defined as the key instrument for implementing fiscal decentralization by giving these elected Councils responsibility to oversee the use of public resources from the NVF.

[1] The Village Fund operates in three contexts: *Kijiji* in rural areas, *Shehia* in Zanzibar, and *Mtaa* in urban areas (hence the Swahili term: *Mfuko was Kijiji/Shehia/Mtaa*)

The Northern Uganda Social Action Fund (NUSAF), was launched in 2002 in 18 (eighteen) districts of Northern Uganda as an instrument to mobilize and finance communities investments. It was a follow-up operation to the first phase of a Northern Uganda Rehabilitation Project (NURP I) which had financed large scale investments in the North in an attempt to create conditions for the population in the North to catch up with the rest of the country in terms of their development. The idea of a NURP II was abandoned when an evaluation of NURP I suggested that the investments had had limited impact on poverty in the North, where insurgency and armed conflict had not destroyed the infrastructure built, but had displaced large parts of the population and created groups of vulnerable individuals in need of relief support. NUSAF was designed around three components: the first to promote community reconciliation and conflict management (CRCM), the second for vulnerable group support (VGS) along the lines of SSP in Uganda and Tanzania, and the third a CDI to finance community investments as under MASAF and TASAF.

These three SAFs discussed in this paper were initially designed around the need to increase and enhance the capacities of community and stakeholders to prioritize, implement and manage sustainable development initiatives and in the process improve socio economic services and opportunities. This was in turn expected to lead to poverty reduction by (a) providing extra resources for the creation of community assets at the village level (schools, bridges, clinics, water points, etc.), (b) targeting incomes to very poor households working on public assets like roads, forest lots, and small dams, and (c) addressing institutional development issues at the community level, districts, and central government for sustainable poverty reduction interventions. The first two phases of a SAF in Malawi and the SAFs in Tanzania and Uganda were based on this objective and used the basic CSPC (figure 1)[2] which gives communities a Financing Agreement ('knife') to secure a volume of resources ('yam') to manage within their capacities.

Challenging commercial banking practices

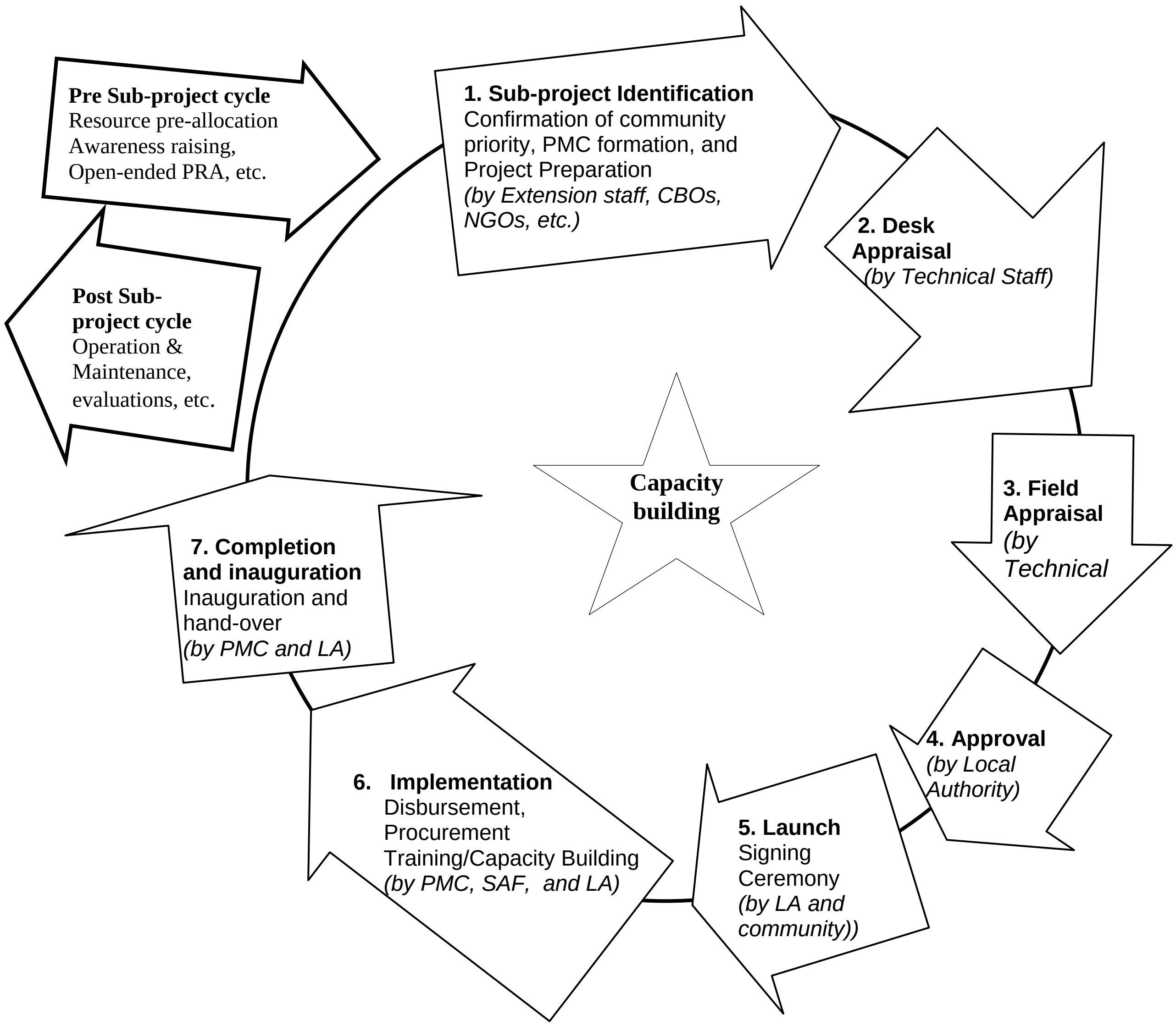
In Tanzania, the bureaucracy of commercial banks and their requirements for high deposits became a major hurdle for community management of sub-projects. While communities had been able to identify sufficient inputs in kind to reach the 20% contribution for a sub-project, the cash requirement by commercial banks and a rigid application of rules by the SAF MU led to major delays. This problem was overcome by the SAF MU agreeing to use the first CSP tranche to facilitate the opening of accounts and persuading banks that cheques should be acceptable instead of insisting on cash deposits. The under-valuation of community inputs partly contributed to this attitude that what communities put into the sub-projects is of less value than cash – although the cash would only go to purchase the same inputs that communities provide in lieu of cash.

The Community Development Initiative (CDI) cycle provides the basic CSPC outline as most resources under the SAF initially went towards this component in recognition of acute gaps in service coverage in the rural areas. During the design of NUSAF and implementation of TASAF, the pre-CSPC stage was added to the basic CSPC in order to better integrate community sub-project management into the district planning cycle. Concerns from the Ministry of Local Government that the SAF does not fit into the District Development Planning process led the SAF design team to propose a split of the Participatory Rural Appraisal (PRA) process into Open (O-PRA) and Extended (E-PRA) phases in order to accommodate direct-financing in participatory district planning processes. In this split, the expectation was that the O-PRA would support broad district participatory planning processes where medium- and long-term development needs are identified in a participatory manner under the leadership of the LAs. On the other hand, the narrower E-PRA would facilitate a participatory development of a sub-project proposal as for funding by the SAF as an immediate

[2] An Operational Manual for SAFs is developed around the CSPC and more details can be found in Weissman, J. (2001) "Operating Instructions Included: A review of Social Investment Fund Operations Manuals, World Bank.

investment to address community needs. During these discussions on decentralization and district planning processes, a post-CSPC stage was added in order to strengthen district and community approaches to issues of operation and maintenance in the context of promoting sustainability. Capacity building was also placed at the center of the CSPC to underline the importance of continuous empowerment of communities and various actors to manage each of these stages in accordance with agreed procedures that foster accountability and transparency in resource use.

Figure 1. Community sub-project cycle (see Annex for details)



Within the CSPC, significant modifications were introduced during the design of NUSAF and the third phase of MASAF in order to address issues of exclusion during project identification – the vulnerable and ultra-poor were often left behind during the design of CDI interventions. In the case of Uganda, it was particularly important to strengthen approaches aimed at fostering community reconciliation in a post-conflict environment and this led to the modification of stage 1 of the CSPC – and the emergence of a new component. In all three SAFs, the needs of vulnerable individuals (those affected by HIV/AIDS, orphans, the disabled, the elderly, malnourished children, etc.) needed different modifications to the first stage, and led to the emergence of a new component to respond to priorities identified by communities as a result of these modifications. The main changes introduced at the first stage are in the form of more steps incorporated during the E- PRAs before a non-CDI sub-project can be ready for Desk Appraisal. Detailed technical guidelines on the needs of post-conflict communities and for vulnerable groups are particularly used to strengthen the skills of E-PRA teams. By having special project components to meet the needs of these groups, the resulting sub-projects can be funded even if they are not the top priority when the whole community comes together (often a CDI sub-project is highest priority during community-wide consultations). Under the NVF, the need to address the needs of special groups was dealt with by making provision for 'ring-fenced' resources which could not be used for any other purpose except to finance community requests in response to the needs of special groups; but once these resources were exhausted, sub-projects for these special groups could be funded from other NVF resources.

These changes in the CSPC to accommodate the needs of vulnerable individuals was driven by the change in objectives for the SAF, which now sought to empower individuals, households, communities, and their development partners in the implementation of measures which can assist them in better managing risks associated with health, education, sanitation, water, transportation, energy and food insecurity, and to provide support to the critically vulnerable through a variety of sustainable interventions. More resources were targeted at components addressing the needs of vulnerable individuals, with some resources put towards the promotion of a savings culture (see last section).

Right from the beginning, the PWP was designed as a safety nets transfer component managed by the LAs. The basic CSPC had modifications made to take into account safety nets goals. A significant modification in the case of PWP CSPC was the handing of both the knife and yam to the LA (who designed, implemented, and supervised sub-projects). The experiences of PWP with delayed payment of wages, inefficient procurement methods, and generally low levels of accountability have led NUSAF, the third phase of MASAF, and the second phase of TASAF to experiment with a modified sub-project cycle where communities are given a Financing Agreement to manage the use of resources under the supervision of private contractors and LA departments. These changes in the way the CSPC distributes the knife and the yam have led to the emergence of a single approach under the SAF: where Community Management Committees, CBOs, and NGOs will use the Financing Agreement to receive grants from a fund (NVF in TASAF II) held by the LAs and/or a central unit for the improvement of rural livelihoods.

In the following pages, stages in the CDI CSPC are detailed out, with qualifications where changes have been made in response to the goals of individual project components and to the specific needs of target beneficiaries. These processes are evolving all the time as the experiences of communities, CBOs, NGOs, LAs, and government departments working through the SAF become available. As a learning-by-doing capacity building initiative, the SAF provides African governments with an opportunity for systems development in order to strengthen decentralization and governance.

The CSPC has emerged as a key instrument for facilitating the empowerment of communities so that they can become more equal partners with government (central and local) when it comes to resource management in the delivery of services. In the annex, the main stages of the CSPC are summarized as they have been developed in the three country SAF cases, but this is evolving knowledge and grows organically. Thus, whatever is spelt out in these stages will most likely have been modified on the ground on the basis of experience, but the description gives an idea of the kind of challenges being addressed at the community-government interface. The section on pre-CSPC outlines modifications that have been made to the management of SAFs as they respond to the challenge of decentralization. The CSPC has been defined strictly as the time between commencement (when a community identifies a sub-project and prepares a proposal) to completion (when the sub-project is handed over to a community, sector, or inaugurated for use). Those activities that take place before and after the sub-project cycle are dealt with differently, as most of them relate to the general planning framework used by LAs and SAFs to manage service delivery.

1.2. Pre sub-project cycle

The CSPC depends on the implementation of several processes which give Central and Local Government agencies room to support community development efforts. A key step is the establishment of a Management Unit to handle resources, followed by a provision of a generalized but targeted information on how the SAF is expected to work. General awareness raising is a critical stage as it provides information to all as part of the overall process of building accountability. The levels of literacy in a country, the state of communication infrastructure (radio, television, etc.) pose a particular challenge to those designing an appropriate awareness-raising program. In addition, extra efforts are often needed to strengthen district-level administration with extra personnel, vehicles and other equipment in readiness for the anticipated community requests for sub-projects following the awareness-raising exercises. A major challenge for SAF is to give itself sufficient time to inform communities before funding is available without leading to community fatigue while waiting for the flow of project funds.

An important tool used to manage community expectations at this stage has been the Information, Education, and Communication (IEC) component. Through IEC, general mobilization of communities is undertaken to inform them and their leadership that the SAF is a partnership between communities, LAs, and Central Government – all three making contributions to the creation of community assets as a way of tackling poverty. Evidence from MASAF I and II has, for instance, borne out the realistic nature of community planning processes once the issues of service coverage, capacities and ability to contribute are brought into play. In the final analysis, a powerful tool for managing expectations and participation is the constant accounting (with information dissemination) to respective authorities and communities in terms of both funds and physical outputs (done by Management Unit and PMCs to their respective stakeholders). This has contributed to a growing understanding of how effective Development Communication becomes a tool for transparency and accountability.[3]

Challenge of simple standardization.

In both MASAF and TASAF, the availability of suitable designs from sectors was a challenge. While architectural drawings were often available, the bills of quantities were in a form that was suited to trained contractors but difficult for communities to understand. The challenge has been moving towards Standard Operational Bills of Quantities (SOBOQs) which for instance translate cubic metres of sand into wheelbarrow loads so that communities can find it easy to relate budgets to quantities of materials. With SOBOQs, communities can review the total cost of a sub-project, identify the items they can contribute and easily calculate the share of their contribution. This has the potential to reduce the time taken to prepare sub-project proposals and make monitoring easy for communities, community leaders, district staff, and even national-level personnel. The challenge has been making the SAF Management Unit adopt such an approach away from accepted Quantity Surveying practices – confirming that SAF MU staff also need constant re-orientation away from supply-driven to demand-driven development.

[3] Chibwana, B. and Mohan, P.C. (2001) “The role of Information, Education, and Communication in the Malawi Social Action Fund”, **Social Funds Innovations Updates** Vol. 1 No. 3, HD Network-SP-SF Thematic Group, World Bank.

The CSPC is planned to last 12 months, and actions in this sub-project cycle are synchronized with the LA planning cycle (which includes consultations with communities, culminating with the approval of a District Development Plan with a budget, followed by implementation and review until the next planning cycle) by these pre sub-project cycle activities. A key element in the SAF process is the global allocation of resources to districts (using agreed poverty-related criteria) in time for the District Planning Cycle to synchronize community demands with LA ability to meet the recurrent expenditures. The SAF resource allocation takes the longer-term MTEF view, rather than annual plans, to ensure that resource-constrained poor communities have sufficient time to use available resources without losing them to better-off communities with higher implementation capacities. Capacity building actions are implemented in those LAs experiencing low absorption of resources, especially if they happen to be the poorest in a country. The pressure from supply-driven development for SAF to re-allocate resources from poor performers to better performers often goes against the poverty focus of SAF and has been resisted.

While the SAF has introduced new funding mechanisms to communities, it is part of the District Participatory Planning Process (DPPP) and influences it to take on board participatory approaches. In particular, it is critical that communities are able to identify their needs without undue influence by the source of funding (a problem noticed when sectors and projects implement their specific Participatory Rural Action (PRA) processes). It is for this reason that an open-ended PRA (O-PRA) process under the leadership of the Ministry of Local Government (through LAs) has been introduced so that communities can articulate their needs without the influence of funds (from SAF, line ministry, donors, or NGOs). The O-PRA requires that various PRA instruments used by donors, NGOs, line ministries, and SAF are harmonized to produce a common approach for use by the District Planning Office. It is from the resulting community priorities (leading to a Community Action Plan) that a SAF, using an E-PRA, identifies and funds a sub-project that is in line with agreed rules (or a positive menu). In the three countries discussed here, many communities had long-standing needs which had been identified, but not funded from several PRAs, and the SAF effectively used the Extended-PRA (E-PRA) to confirm that these were still priorities and quickly got resources to these communities even without O-PRAs.

In Uganda, the *Lower Governments Participatory Planning Framework* was used as a substitute for the O-PRA under the leadership of the Ministry of Local Government. For the same purpose of conducting O- PRAs, a Harmonized PRA was developed in Tanzania, while Malawi tried to use the Village Level Participatory Approach (VLPA) under Local Government during MASAF I. The open-ended nature of these processes was expected to allow sets of issues to be ranked in order of priority so that all actors could select from the same list, and to ensure that communities were not inundated with priority-setting processes from different funding sources. The SAF expected to contribute to this process and ensure that the use of an O- PRA tool for community demand-driven development does not lead to *unrealistic expectations*, while using the E- PRAs to put a check on the approach of ‘planning to a budget’ (which tends to lead to supply-driven development) at the community level. Good PRAs focus on educating communities to plan within their own capacity, to implement and manage with a timeline, and to ensure affordability and sustainability, but a major pre-condition for its success depends on changes on the availability of information between communities and government employees; and this is a slow process. The debate over how to use the PRA tool is driven by past experience that investments in a District Development Plan are often based on the result of bargaining between Councillors, and the introduction of the PRA is an attempt to inject a technical input in the way development priorities are decided upon.

Resource allocation and integrating the SAF into LA planning

MASAF 3 used formulae provided by the National Local Government Finance Committee (NLGFC) which allocates 50% of resources on the basis of population and 50% using poverty and service coverage indicators. In Tanzania, TASAF II used formulae provided by the Ministry of Finance based on 40% on population, 40% on poverty indices, and 20% on geography to respond to some of the very large districts in the country in need of improved access. In Uganda, formulae for resource allocation were also provided by the Ministry of Finance and the Ministry of Local Government. As the projects are based on a strategy of supporting communities, LAs, and line ministries to deliver specified MDG indicator targets over a twelve year period in Malawi and Poverty Reduction Strategy targets over five years in Tanzania, these poverty indicators were used to allocate resources. Using these indicators (food insecurity, poverty rates, children without permanent classrooms, population living beyond 5 kms from a static health facility, deliveries not supervised by trained health workers including Traditional Birth Attendants, cases of malaria, and under-weight children below the age of five), each LA in Malawi was allocated three-year indicative planning figures (IPF) in line with the MTEF cycle. Initially, there was agreement that IPFs will be revised annually for uncommitted resources while building capacities of LAs, but this is likely to change over the second phase of the operation when priority will be given to capacity building before re-allocation. In Tanzania, IPFs have been done for the full five years (duration of TASAF II which also coincides with the PRS measurement period).

In all three countries with a SAF, the LAs are given a global IPF (population and other indicator allocations) from which they can finance sub-projects in response to community demand-driven development using SAF principles (community participation, direct financing, transparency, accountability, partnership, capacity building, autonomy of implementers, flexibility, and apolitical). At the same time, the SAF Management Unit monitors and reports on resource use against allocations made to the various components as a way of identifying those areas where un-met community demands are greatest. Each LA carries O-PRAs in those communities which have the furthest to go in attaining the 12 MDG indicator targets and this generates a list of community priorities to be integrated into District plans. If the priorities include activities that qualify for MASAF support, then extended PRAs are carried out by the Districts to identify sub-projects for funding using MASAF resources.

Using indicators of poverty and service coverage, each LA is expected to target SAF resources to the worst-off areas in the Districts, and this should favor poorer communities to qualify and get support. In such areas, an E-PRA is used as the planning tool so that the SAF (and any other agency interested in community-owned development) can select a priority from the CAP and to develop a suitable sub-project for funding. The E-PRA process assists a community to match its demand with available resources. Secondly, it encourages communities to plan within their capacities and capabilities (e.g. influenced by seasonal calendar workloads identified during facilitation as well as communities' ability to raise the required 20% contribution to the sub-project costs in the form of time, labor, materials, cash, etc.). When a SAF works in communities without a CAP, the open-ended and extended PRAs have been collapsed into one, often producing a less than satisfactory result in terms of responding to real community needs. In Tanzania, the SAF gave Districts a guide that at least 70% of the population in a village must participate in meetings to ratify a CAP; and the same proportion is demanded when the PMC is selected during the E-PRA as a way of ensuring the widest community participation. Experience has shown that this is often a reason for a community project not to take off.

The O-PRA is often a lengthy process[4], but its implementation could have a major impact on the quality of district plans and is an important contribution to capacity building. In districts, it has been necessary to invest in the training of PRA teams – which can later split into sub-teams to conduct O- and E-PRAs (with different sub-team membership) as has happened in Tanzania. The results of O-

[4] While the extended-PRAs last for under a week, the O-PRAs have in some instances meant that a team spends over two weeks with a community. In Tanzania, the open-ended PRA process recommended by Local Government (the Opportunities and Obstacles to Development – O&OD) lasts for over two weeks and was in 2003 estimated to cost over $20 million for the whole country to be covered.

PRAs are to be kept at the District Planning Office as a guide for potential funding agencies, while those of the E-PRA should lead to a flow of resources to the relevant community in line with funding criteria from SAF or other source (summarized in figure 2). Thus, while the O-PRA should be used by LAs to mobilize community inputs for the medium-term district development plan for mobilizing resources for investment, the E-PRA should be a tool for assisting communities prepare investment requests for available resources.

The SAF has worked with central ministries to develop simple poverty indicators in a suitable format for documentation to assist LAs in the intra-district targeting of resources. There is often inadequate data and resources at the district level, compounded by local political pressure to allocate resources to all areas within a district without allocation criteria. District-level sectoral experts have been trained to collect and analyze data on a selected set of criteria for use by the district elected bodies in the targeting of resources to worst-served areas. There are no rigid allocation of resources to areas within a district, who are instead encouraged to use the SAF as a district fund to respond to community demands within their priorities. This is an area where the SAF has contributed to building district planning capacities, with the SAF supporting LAs to harmonize district planning processes with community participation in an institutionalized way.

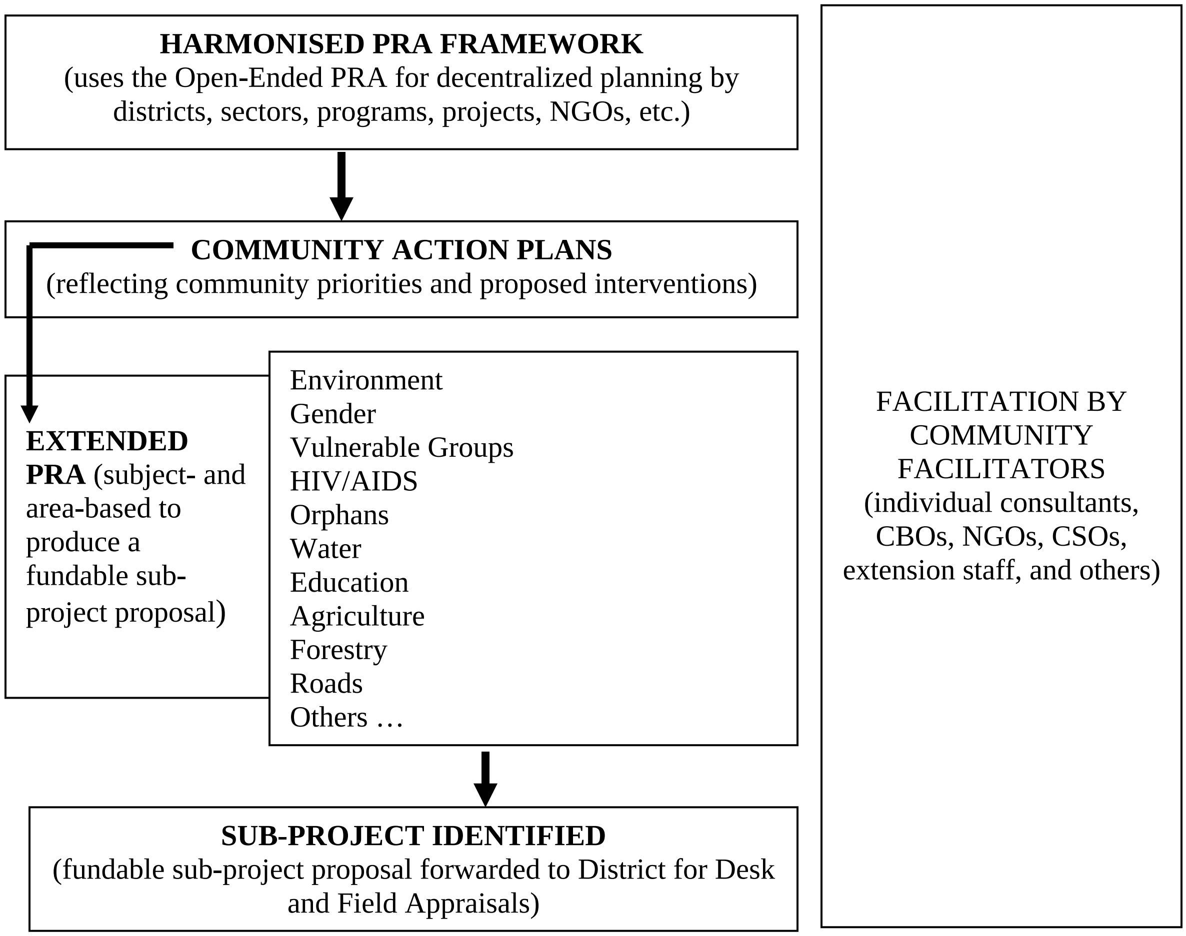
Which community priority gets funded?

During PRAs in Malawi, communities identified poor nutrition and food shortage as a top priority to be tackled. The solution was often identified as free distribution of food and provision of land – activities which could not be funded with IDA resources. Thus, the SAF was only able to respond by funding the second or third priority unless a public works project could be started in the affected communities to assist with cash transfers which could be used to buy food. In Tanzania, the PRA process failed to bring out the significant impact of HIV/AIDS in communities, primarily because E-PRAs were done by SAF employed personnel and communities had already perceived SAF as an infrastructure building project. This underlines the importance of separating O- from E-PRAs so that communities can identify their real priorities and not those which they think can be funded by available resources (be they from SAF, NGOs, line ministries, or donors).

The E-PRA process enhances communities' capacities by raising awareness regarding (a) existing programs, (b) policies to tackle poverty, (c) available actors, and (d) SAF procedures. This process provides communities with skills in how they can increase their own capacity to implement sub-projects by accessing expertise from LAs, NGOs, CBOs, and the private sector; and that there is a cost borne by the sub-project to get this expertise. The NGOs, CBOs, and private sector agencies are encouraged to disseminate information on their capabilities so that communities are better informed when they decide on the most cost-effective way of implementing a sub-project. NGOs as sources of expertise and capacity building can have at least three outlets when it comes to the SAF:-

(a) A discrete community sub-project managed by a PMC might opt to implement with NGO support.
(b) Members of a community who are vulnerable (orphans, widows, malnourished, etc.) might identify an NGO/CBO working in the area and suggest that it be the implementing partner for desired interventions.
(c) LAs could identify areas where capacity building for improved service delivery can best be tackled by contracting an NGO; and the LAs could use this method to increase their capacity under any of the SAF components.

Figure 2. PRA processes[5]



While skills to identify relevant NGO/CBO/Private sector partner can be provided to communities through the PRA tool, the assessment of these partners should be done by LAs using agreed criteria – e.g. (a) in terms of capacity/past performance, and (b) suitability to support vulnerable groups and communities by way of skills available. The potential for a SAF to mobilize NGOs/CBOs/private sector actors can be a prelude to the promotion of improved district management capacity so that they can make better use of resources available to the country even through other projects. The involvement of LAs in the PRA and NGO/CBO selection processes prior to sub-project funding gives the LA an opportunity to better understand community needs and available resources to respond to such needs. It also trains district-level experts to work within community constraints, for instance accepting break periods during PRAs due to deaths and burials in communities – which often lead to delays in all community-level activities. Finally, LA involvement should lead to the amendment of by-laws governing the registration, performance, and reporting mechanisms for CBOs and CSOs within the district – and commence the process of institutionalizing civil society organizations into district planning and management.

[5] The final diagram greatly benefited from discussions with NUSAF design team, especially Mary Betikerezo, Norbert Mugwagwa, and Suleiman Namara.

While a discussion of the CSPC mainly refers to the management of discrete sub-projects, the O-PRA can contribute to the targeting of resources in response to such discrete sub-projects as well as to multi-community sub-projects targeted to meet the needs of vulnerable groups. Public Works Programs are primarily meant to be cash transfer mechanisms to communities affected by food insecurity. The district has used the O-PRA to target resources to the poorest areas, and the SAF has used the E-PRA to determine whether the response should be a community project PWP, or an NGO social support project. In communities where lack of food is the highest priority, a PWP has been the logical response, while those where school access is a problem, communities have been supported with an education sub-project. Where a PWP is identified as the necessary intervention, the guidelines usually indicate that self-targeting wages (set 10-20% below the minimum market level) for participants is the preferred method to ensure that labour is not attracted away from on-going economic activities, and that only the poorest without other opportunities turn up for such work. This practice of wages below the market wage has been criticized for not being sufficient to meet the needs of the very poor and even referred to as 'slave wage', but the emergence of better targeting mechanisms has been a slow process.

PWP with savings components work better

CARE (Malawi) managed PWP pilots in a few districts where the wage was at least equal to the minimum market wage, but the workers were only paid part of it at the end of a month, with some being put into a savings account. The savings could only be drawn at the end of the project and were often used to purchase such assets as goats and to start petty commodity trading. During the drought of 2001/02, there was evidence that those families which had participated in the PWP-Savings Program fared better as they did not sell all the assets although they did draw down on cash savings. While other PWP beneficiaries sought employment every year, those in the PWP-Savings Program often did not come back, and instead relied on small businesses they had set up with the savings. This experience has informed the design of a joint DfID-CARE-MASAF project to improve livelihoods through public works programs (refer to *Infobrief* No. 89, June 2003 "Malawi: lessons learned from PWPs".

As a cash transfer mechanism, the PWP also sets minimum targets for unskilled labour component in the total sub-project costs (usually 40%) and promotes the use of labour-based technologies for the construction of assets (roads with bridges, foot-paths, watershed management re-afforestation, etc.). This stipulation also acts as a disincentive for LAs to use contractors who bring in equipment for a rapid completion of the project without attention to the safety net goals of the PWP. Given the multi-community nature of PWPs, their larger scale of operation requires that more extensive environmental assessments are carried out. The long-term goal is to turn all PWP into CDI where PMCs for these multi-community sub-projects can hire local contractors (from within the communities) to manage the sub-project (with an agreement specifying the contract management fee and set wages at 80% of the minimum market wage to make other community contributions unnecessary). The involvement of communities in the identification of PWPs should check the pressure by LAs to hire contractors so that they can 'absorb more resources from the SAF in the shortest possible time'.

The E-PRA also makes it possible for the SAF to operate special budget lines (e.g. to support those affected by HIV/AIDS) so that interventions for high priority national programs like HIV/AIDS can be supported even if the problem is not ranked high after the O-PRAs. The SSP is able to respond because it modifies some of the CSPC stages to incorporate NGOs as implementers, with their peers being part of the approval mechanisms rather than leaving it all to administrators employed by central and local governments. The SSP financing window allows communities to be innovative in terms of what is possible as interventions to support the needs of vulnerable persons. The opening of special windows is an important innovation which ensures that important issues (such HIV/AIDS) can be supported without giving up the demand-driven nature of SAFs.

In communities with large numbers of orphans and chronically ill persons, the SAF has responded by facilitating the identification of NGOs/CBOs who work with these communities; and then channel support to them. This allows the SAF to target resources to individual beneficiaries (vulnerable persons) through a mediating agency – thus avoiding costly targeting and delivery mechanisms for such assistance. Furthermore, the use of NGOs/CBOs makes the interventions sustainable as the agencies are likely to be operational long after the SAF has closed down (thus for instance avoiding 'double orphans' – from loss of parents and then loss of SAF support). Much of the support provided to vulnerable persons who cannot work (on PWP) is in the form of inputs for income-generating activities, with the incomes realized being used to pay for food, school uniforms, medical care, etc. The involvement of communities in the SSP also ensures that the interventions are often integrated into community structures (mainly households) which makes it unnecessary to create separate institutions for care while at the same time spreading the benefits to other children in the households where the orphans live. Thus, the SSP further acts as an incentive for families to take in orphans and strengthens family bonds by ensuring that foster parents for orphans do not become even poorer, but instead open a window of opportunity.

Community innovations for orphan care

One of the earliest projects implemented by households with orphans was a cattle raising project where a group of 15 households were looking after 57 orphans in Central Malawi. The women worked in groups of three to look after the animals for three days each group. The milk produced by the animals was sold, and half the monthly proceeds were shared equally among the fifteen households while the balance was put into a savings account for use in responding to the needs of all 57 orphans. This strategy creates equity among the households with half the income, and equity among orphans using the other half. The same project has been adopted by many other communities in a country which imports much of its milk. The approach has also been adopted in the growing of mushrooms where 33 groups grow mushrooms and use the proceeds to look after over 1,000 persons affected by HIV/AIDS and living at home rather than institutions. Hammer mills have also been supported as a source of revenue for CBOs looking after the orphans, and these have had the added benefit of providing whole grain meal which is more nutritious and is less demanding on women's labour who traditionally pound the maize.

In the delivery of services, the SAF has become an important tool for distributing responsibilities between communities, LAs, and Central Government agencies (including the SAF Management Unit). In those countries where sector ministries have defined essential services (health, education, transportation, food security, water and sanitation, etc.), these have been broken down into (a) what communities can do with support from NGOs, CSOs, CBOs, and the private sector, and (b) what is beyond communities' capacities and requires LA to implement. The understanding of Essential Service Packages (ESPs) is that every LA must ensure that this level of service is available to all residents; and it is from the ESP that Community Service Packages are extracted for community implementation. Once these ESPs and service packages have been costed, it should be possible for the Ministry of Finance to use the MTEF and transfer the needed budgets to LAs – which can share the resources between LA departments and community structures. This is the long-term goal and exit strategy for an SAF: when direct community financing is an integral part of the fiscal framework for Central and Local Governments. The introduction of a pre sub-project stage in the CSPC is to ensure that the SAF commences this process of integrating community management processes into both the District Planning Framework and the MTEF. This stage is some way off, and the next section deals with detailed procedures followed in the CSPC, and which will inform the transition to this integration of SAFs into service delivery approaches by governments and communities.

The Government budgetary allocation to the SAF is often equivalent to 10% of the total project costs. These funds are provided as 'counterpart funds' and are disbursed to the SAF MU on a quarterly basis in line with approved work plans. SAF MU submits quarterly financial statements to Government to ensure that these counterpart funds continue to flow. In addition to these counterpart funds, the Government funds costs of staff who provide support to the SAF, from Permanent Secretaries in those Ministries who sit on SAF Boards to national sector ministry staff who provide technical norms and standards to the SAF MU. At the LA levels, there are technical staff who perform various appraisal, approval and supervision functions throughout the sub-project cycle. Their staff costs are paid for by the LAs and constitute an indirect contribution on behalf of Government. The technical staff of LAs on the Technical Planning Committees are full-time staff of LAs whose salaries add to the indirect cost contribution of Government, but in some instances the SAF channels funds to the LA for the hiring of these full time staff. The estimated level of indirect financing born by central government and local government agencies amount to another 8% of total project costs, and this is often off-set against the indirect tax element of the project.

Transparency and accountability through the NACCEA in Malawi

In the design of MASAF 3, a multi-sectoral and inter-agency committee has been created to assess lessons learnt from the implementation of MASAF through LAs, and to disseminate that experience at the national and international levels. This body, the National Committee for Community Empowerment and Accountability, will facilitate a discussion between government, aid agencies, and NGOs on how poverty is being tackled in rural Malawi; and how this can be improved through the better analysis and use of information. It will be an important mechanism for integrating community and district level experiences into the monitoring of the Poverty Reduction Strategy of Malawi.

Information on outputs from SAF contributes to a national system that not only reports on project progress, but also contributes to analyses conducted on poverty trends in the Districts and in the Country. Household surveys capture district level information as well as vulnerability conditions in the districts, while SAF-funded beneficiary assessment at mid-term and evaluation surveys at the end of the project assess project effectiveness in reaching its target population.[6] This information fits in with efforts by the Ministry of Finance to develop a harmonized Monitoring and Evaluation system for Poverty Monitoring and Analysis within the PRSP. Thus, the SAF contributes to this by implementing a good Management Information System backed by a Monitoring and Evaluation capability for analyzing the information collected.

National Technical Advisory Committee (NTAC) and sector norms in Malawi

In spite of the promotion of PRA processes in Malawi, MASAF I and II had problems with health facilities that should never have been built if District-level staff had been able to implement the PRA process, resist political pressures, and apply staffing and recurrent funding norms. In MASAF 3, the design team modified the approval process so that instead of relying on singed commitments from the District Medical Officer and the National Ministry of Health to confirm that there would be staffing for the completed sub-projects, a National Technical Advisory Committee (NTAC) was set up with membership drawn from senior officials from various sector ministries and chaired by the Ministry of Finance. Sub-projects generated from a PRA process, desk appraised, field appraised, and approved at the LA level would be submitted to the Management Unit, which would review these sub-projects and indicate which proposals had no written evidence that sector norms and standards had been met, and then forward proposals to members of NTAC to review before recommending to the National Steering Committee (NSC). In September 2004, the first batch of approved sub-projects from LAs were submitted to the MU. Out of 1084 such sub-projects, only 684 were deemed to be within sector norms specified in MASAF 3 operational manual and passed on to NTAC; while only 666 of these were later confirmed by NTAC: deferring 418 to MU and to the LA. This shocked both the MU and the LAs, and generated much debate between officials and elected representatives at all levels in Malawi. This trend, if continued, is expected to contribute to a better match between LA plans and national sector plans.

[6] Details on the design and execution of Beneficiary Assessments can be found in World Bank (1999) "Beneficiary Assessment for Social Funds".

1.3 Post sub-project cycle

Once the sub-project is completed and in use, participatory evaluations are carried out to assess the level of community satisfaction with the asset and its impact in terms of (a) increasing access to services from community sub-projects, and (b) increased incomes from public works projects. In all cases, such post-completion evaluations also assess the kind of skills gained by community members and whenever possible document other uses for such skills and cash earned. It is also during these evaluations that issues of maintenance are followed up to check if the assets (especially water points) are still in use; as well as checking if the sectors (such as education and health) have fully integrated the asset created into the sector service delivery infrastructure. A final technical audit is also done at this stage to check if the facility is still physically sound (building on the technical supervision during implementation when quality concerns were addressed). While the Beneficiary Assessment has been the instrument of choice for these assessments, memory lapses and migration by members of PMCs has often made it difficult to get some key information. In the three SAFs, efforts are under way to develop a mechanism to annually sample competed projects and undertake an assessment.

Improving sector norms with community inputs

The post completion evaluation also comments on the overall functionality of the asset, when communities can easily notice sub-components which have improved the assets use if they had been included. It is from such evaluations that MASAF for instance learnt that their earlier classroom sub-projects needed toilets and later clean water sources if the assets were to contribute to improved education in a community. Similarly, the packaging of houses for teachers and nurses with classroom blocks and clinics respectively arose from such evaluations. Anecdotal evidence from discussions with communities seem to suggest that more could be gained from a systematic evaluation of community perspectives on the use of facilities; and then use the results to improve on sector norms and standards.

While environment and gender issues are assessed during the complete sub-project cycle, these are also assessed in the post-completion evaluation to determine the impact of the asset on the environment and any changes in gender relations in the community – recognizing that such changes normally take a long time to occur.[7]

Responding to environmental challenges

During MASAF I and II, there was concern that the practice of burning bricks by communities was contributing to deforestation. Cement blocks were introduced (alongside compressed soil blocks promoted under a DfID school building program). In the case of cement blocks, communities liked it because it reduced the size of their contributions, but it often made it necessary for them to make contributions in cash to meet the 20% level stipulated in the project. While cement blocks had a positive impact on the environment, they were unaffordable and communities continued to burn bricks needed to build their own houses. During the 2000 floods in the country, there were power failures, often blamed on the silting of dams. MASAF responded by including on its positive menu sub-projects where communities undertook riverbank protection, soil conservation through contour ridging, and avoiding river bank cultivation. In MASAF 3, the policy is to promote woodlots in all community sub-projects so that communities have enough firewood for domestic use and for burning bricks to build homes. This strategy will ensure that local knowledge on brick burning is not lost, deforestation is reduced, and communities are not over-dependent on expensive cement they cannot afford.

At the end of a sub-project cycle, the PMCs are either disbanded or absorbed into other committees (school parent-teacher, maintenance, etc.). While there is no systematic information on what happens to members of the PMCs after the sub-project, there have been limited assessments of what happens to the social capital built by SAFs in the post completion period. The existence of community members with book-keeping, banking, community procurement, mobilization, reporting, and even building skills constitutes a major social capital base, but there is little systematic evidence of what

[7] See Ndeti, M. (2003) *Gender in Community Participation: an assessment of MASAF*, AFTH1, World Bank, Washington DC.

happens to it. There is anecdotal evidence that some PMC members have gone on to become councilors or to take up foremen jobs with private contractors, but it has not been documented systematically. There have been suggestions that in communities hard-hit by the AIDS epidemic, some PMCs members have shown interest and functioned as the nucleus of Community-Based Organizations to assist communities develop strategies to look after orphans and others affected by the epidemic. In other instances, it has been pointed out that PMCs have become the leaders of savings movement where communities are encouraged to mobilize savings as a way of managing social risks by engaging in income-generating activities. While there are stories of these developments having taken place, there is little evidence that strategies exist for assisting communities transform their social capital from SAF activities into economic capital in the post-SAF period.

Evaluations have also included a measure of cost-effectiveness to check if SAFs are to go from a 'boutique' approach to 'development instruments' for substantial resource transfers in response to poverty. Effectiveness evaluations should measure how SAF supported outputs compare with those from the private sector, local governments, NGOs/CBOs, central government, and investments funded by various development partners in a country. In the case of MASAF, such an assessment was made and the results suggest that this partnership between communities, NGOs/CBOs and Government agencies is an effective method of delivering community-level infrastructure (table 1).[8] The consultants evaluating assets created by communities under MASAF II concluded that the quality was high, although this was not always the case as some buildings from MASAF I had shown major problems. In Tanzania, the same has been found when comparing assets created by communities under TASAF and others put up with private contractors funded by various agencies.

From social to economic capital – place of micro-finance[9]

During community consultations for MASAF 3 design, the Government team learnt that communities wanted savings and credit incorporated into the new project. After a careful assessment of past interventions, the team concluded that the culture of savings, borrowing, and repaying the loan in Malawi is poor. The design of the new project opted to first build a culture of savings and encourage communities to take charge of their savings before looking for external capital to be loaned. The project concluded that it is less likely for borrowers to default on loans if they know that the money belongs to one of them than if it was perceived that the money was given by donors and external agencies. As a result, MASAF 3 resources will be used to mobilize social capital from earlier projects so that it can be transformed into economic capital through savings and investment groups. Such groups will be trained to save, but no project money will be put into the capital for loaning to members. Groups that form clubs will also be eligible for a grant which can be used to put up a simple infrastructure with safes to function as the nucleus of a community-owned 'bank'.

The quality and cost of investments managed by communities are an important measure of cost-effectiveness. Such evaluations are supplemented by results from a quantification of social capital built in communities through the SAF. While the quality of assets created is important because they contribute to the improved delivery of services, the results of community empowerment are even more important but difficult to measure. As a knowledge exchange exercise, post-completion IEC activities include the documentation (print, radio, and TV) of the sub-project's implementation experiences and its dissemination across and beyond the project.

[8] Chitale, S. (2003) "Annex 4 Project Appraisal Document for MASAF 3" using data from "Review of Cost Effectiveness and Design Standards", EMC Jatula Associates, Lilongwe, Malawi, January 2003.
[9] Gross, A. and de Silva, S. (2003) "Microfinance and rural finance: operational notes for World Bank staff" provides a comprehensive checklist on the kind of issues faced by a SAF embarking on this road.

Under TASAF I in Tanzania, communities were able to construct classrooms, health centres, markets, staff houses, and other physical infrastructure at about 60% of contractors' prices. As a result, there were enough facilities built from the first credit to improve learning environment for children in over 2,600 classrooms. In these same schools, over 1,000 Ventilated Improved Privy (VIP) latrines were constructed to improve sanitation facilities available to the pupils (mainly in primary schools, but also in a number of secondary schools). In the health sector, over 312 Out-Patients Departments were either constructed, rehabilitated, or re-built, staff houses built, and VIP provided. In the provision of rural water supplies, over 700 water points and 20 earth dams were constructed to benefit both humans and livestock. In the area of incomes and safety nets, over 3 million person working days by 100,000 beneficiaries also built roads, planted trees, and construct markets.

Table 1. Comparison of construction costs between MASAF and other organizations

Sub-Project	***Organization***		***MASAF***[10]	
	Name	Cost, $000	Cost, $'000	As a %
Classroom Block	DFID	15.0	9.5	63.3
	GOM Building Dept.	15.0	9.5	63.3
	DANIDA	22.5	9.7	43.1
Single Pit Latrine	DFID	1.4	0.4	28.6
	GOM Building Dept.	1.5	0.7	46.7
Borehole	DFID	4.4	3.2	72.7
	DANIDA	4.4	3.2	72.7
Maternity Block	GOM Building Dept.	26.2	20.3	77.5
Water (Borehole/Tank)	GOM Building Dept.	16.2	8	49.4
Admin. Block	GOM Building Dept.	8.1	3.5	43.2
Bridge 9 M - Single Span	NRA	47.8	36.3	75.9

Source: "Review of cost Effectiveness and Design Standards." EMC Jatula Associates, Lilongwe, Malawi , Jan 2003.

While a comprehensive comparison of SAF infrastructure provision has not been done in Malawi and Tanzania, available limited evidence suggests that this mode of producing community-level infrastructure is effective in providing both the needed infrastructure and increased employment opportunities for the poor and local artisans in the private sector.

While the aspect of social capital in SAFs has been difficult to measure, it is one of the benefits that SAFs are said to have above other methods of infrastructure delivery. The construction of assets using community participation draws labour (both skilled and unskilled) from the community and can be considered a proxy indicator of social capital use/stimulation/creation. A labour analysis of sub-projects constructed using MASAF resources showed that average labour costs were in the range 9-19% of total sub-projects costs (lowest in health infrastructure and highest in staff houses, cattle and chicken pens).[11] The existence of community structures to operate and maintain some of the assets (such as water points) suggests another measure of this social capital stimulation. More difficult has been a measurement of other aspects (for instance if participants from SAF activities have gone on to join other community management structures or shown a better engagement with the market as

[10] Comparison between MASAF and various organizations was in different years, hence the variation the price of construction of some assets under MASAF (e.g. classrooms and pit latrines).
[11] MASAF internal report based on data collected by LA staff on the levels of wages (skilled and unskilled) in 2005.

entrepreneurs). In TASAF, a mall study (referred to as intangible benefits study) is under way to review these broader social capital issues and then develop a methodology for measuring it at the local level.

2. *SAF*, DECENTRALIZATION, AND LOCAL GOVERNANCE

2.1 Local governance and forms of decentralization

In the context of governance, the relationship between citizens and those who exercise power over resources is defined by accountability and decision-making processes. Decentralization as a form of governance relationships is primarily determined by where decision-makers (be they elected or administrative) are located (center or local) and whether their accountability (over decisions and actions) is to a body at the center or local (figure 3). At the heart of decentralization is therefore *accountability*, making decision makers answerable for their policies and actions through three basic mechanisms:

> *Political accountability* of political parties and representatives takes place increasingly through elections. *Administration accountability* of government agencies is ensured through internal accountability mechanisms, both horizontal and vertical, within and between agencies. *Social or public accountability* mechanisms hold agencies accountable to citizens, and can reinforce both political and administrative accountability (*italics mine*).[12]

Nature of decentralization in Malawi, Tanzania and Uganda

The three countries are former British Colonies, and have a common framework for decentralization characterized by to important bodies made up of elected representatives, and an administrative structure to serve the elected bodies.

Each country is divided into both formal and informal villages, but the first level of a formal geographical administrative area in all three countries is the Ward, and a number of these make up a Parliamentary constituency. In all three countries, direct elections are held for Councillors to represent Ward residents in a District Council/Assembly, and Members of Parliament to represent constituencies in a National Parliament.

Ward Councillors, like Members of Parliament, are elected on political party lines and being a Councillor is not a full-time job. When Councillors come together in the Council/Assembly, they elect one from their ranks to be Chairman of Council/Assembly in rural districts and to serve as Mayor in Municipalities. Since the Chairmen and Mayors work on a part-time basis, the Councils/Municipalities employ an executive (e.g. Town Clerk in urban areas) who heads an administrative team to serve the Council/Assembly.

The term Local Authority is used to refer to the structure of elected Councillors together with the Executive-headed Administration. Thus, the body of elected representatives at the LA level functions like a 'parliament' with a local civil service administration paid for using fiscal transfers from central government. The administration is answerable to the Council/Assembly either as the employer (Uganda and Tanzania), or as deconcentrated structures of central government employees (Malawi). The lack of a local viable tax base for LAs in these three countries means that the LAs are dependent on fiscal transfers from central government, which gives the Ministers of Local Government significant powers over the workings of LAs – throught extensive provisions spelt out in Local Government Acts passed by National Parliaments in the three countries. It is also in these Acts of Parliament that the roles of LAs in education, health, social services, licensing of trade, and other functions are outlined; the main constraint to their implementation in a devolved manner being a shortage of resources and the power of Local Government ministry over the LAs.

The three Social Funds come in as centralized funding mechanisms and rely on the two arms of the LA, with varying results depending on the balance of power over other resources between elected and administrative arms.

Although every country incorporates characteristics of its history, culture, and socio-economic development into the legal framework for regulating the exercise of power to foster accountability, these legal instruments can be analyzed in terms captured in the decentralization grid in figure 3. In

[12] World Bank (2002) *Empowerment and poverty reduction: a sourcebook*, Washington, DC, USA

this section, the challenge of decentralization and SAFs is explored in the context of three countries in Sub-Sahara Africa (Malawi, Tanzania, and Uganda) and their experience in fostering improved governance through this instrument, which aims to deliver resources directly to the neediest population groups. It can be argued that the SAF is one mechanism of promoting social or public accountability

Figure 3. Decentralization grid

	level	**ACCOUNTABILITY**	
		CENTRE	*LOCAL*
LOCATION OF DECISION-MAKERS	*CENTRE*	**CENTRALISATION**	**DEMOCRATISATION**
	LOCAL	**DECONCENTRATION**	**DEVOLUTION**

Within this framework, the SAF has placed accountability for resources at the most local level under PMCs while central government agencies often continue with debates on whether there is capacity in LAs to capably handle more resources. In the decentralization grid, the SAF is a form of **democratization** achieved by linking PMCs (local) to centrally-located management units, who account for resources provided while the PMCs account for resources used (primarily to the whole community and later to higher level bodies). This has happened in a mix of environments, some with extensive centralization, others with substantial deconcentration, and even others with limited devolution. How is it possible for one instrument to operate in such diverse environments? The explanation seems to lie in the use of a CSPC to define relationships between actors when it comes to accountability and decision-making, each situation calling for unique features to accommodate the extent to which the legal decentralization framework has been implemented. In this regard, the SAFs operate on a simple principle of creating a fund, whose use is governed by rules and procedures that are structured around the CSPC. The workings of the CSPC have been described and analyzed in section 1 to lay a foundation for answering two basic questions: (a) how can the CSPC be better integrated into the decentralization strategy? and (b) has the SAF really put the knife in the hands of the poor while the administration holds the yam? Answers to these questions could lead to a better understanding of what contributions SAFs have made to local governance within the decentralization framework.

2.2 Decentralization legal framework

The decentralization framework used in the countries of Malawi, Tanzania, and Uganda is heavily influenced by the post-colonial administrative government structure left behind by the British in the 1960s. Each of these countries has followed a fairly different route to governance, with Malawi having retained consistently strong central control, Tanzania having adopted a strong deconcentration option, while Uganda has embarked on a route to devolution as a way of preventing the recurrence of central government abuse of its citizens as occurred under military rule during the 1970s. In the paragraphs that follow, a short description of the legal framework in each of the three countries is outlined in order to set the context within which to understand the workings of the CSPC used by the SAF. In Malawi, District-level elected structures are called District Assemblies (DAs), while Tanzania and Uganda use the more traditional District Council (DC). In this paper, LAs will be used to describe both the DAs and DCs.

In these countries, the legal statute is characterized by a few common features. In all of them, Local Government Acts (LGAs) provide for a centrally-located Ministry to administer the LGA which governs the activities of District-level bodies made up of elected representatives with their administrative staff (made up of those elected by the LA and others working in the district but employed by central government). The LGAs define a framework within which central and district governments can share resources aimed at improving the provision of services as well as powers for district governments to collect a limited range of local taxes. In all three countries, there are detailed strategies and plans on the gradual movement towards decentralization and eventual devolution to LAs, the process having gone further in Tanzania and Uganda that Malawi. While Uganda has created five levels of Local Government supported by a Central Government, the Tanzania constitution provides for three spheres of Government (Central, Local, and Village – a feature which has provided the SAF with an added opportunity to test options for deeper decentralization by creating a National Village Fund to channel resources to a village fund in the form of *Mfuko wa Kijiji/Shehia/Mtaa*)[13].

In the discharge of its functions, each LA in Malawi has six committees (table 2), five of which have a major bearing on development activities such as those financed through MASAF. There are many provisions in the 1998 Act which have a major bearing on the implementation of community projects (be they health, education, environment, or works related). Communities, NGOs, Community-Based Organizations (CBOs), and various agencies involved in development work are expected to use the LGA (1998) as a guide and framework for action.

Table 2. LA Standing Committees

District Assemblies, Malawi	District Councils, Tanzania	District Councils, Uganda
1. Finance 2. Development 3. Education 4. Works 5. Health and Environment 6. Appointments & Disciplinary	Finance Development/infrastructure Social Services Public Works	The Local Government Council may establish and regulate working committees as it deems fit. Committee membership cannot exceed 9, including the chairman.[14]

In addition to these committees, LAs in Malawi are empowered to establish any others at a local government area level (ward and village levels in response to need). Such committees established by DAs can “invite any person to attend any meeting of such committee and take part in the deliberations at the meeting” without having the right to vote. In Tanzania and Uganda, there are also provisions for various bodies to make representations to the LAs for specific issues, but these are provisions that have had limited impact on the implementation of Local Government Acts, and provide the SAF with an opportunity to promote collaboration between LAs and civil society organizations.

In Malawi, the election of representatives to district councils was first provided for by the District Council Acts of 1953 and 1962, but these Councils found themselves in competition with central government agencies when District Development Committees (DDCs)[15] were established in 1967.

[13] *Mfuko wa Kijiji/Shehia/Mtaa:* A fund for village (kijiji), shehia (village in Zanzibar), and mtaa (village in urban) development.
[14] Government of Uganda, *The Local Government Act, 1997*.
[15] The DDC is a body chaired by the administrative head of a district, and made up of all technical heads of sectors and ministries in the districts, as well as representatives from the elected bodies.

With the creation of a District Development Fund (DDF) in 1993 under the District Focus strategy, more central government powers were deconcentrated to the DDCs – with an appropriate district planning system. In Tanzania, District Councils were re-organized after 1967, when Central Government set out to promote a strategy of self-reliance under the Arusha Declaration which laid out the long-term development strategy for Tanzania. In Uganda, the 1998 Local Governments Acts tried to institutionalize governance procedures developed over the previous decade when the country was actively reconstructing its institutions after years of political violence and arbitrary military rule. In the paragraphs that follow, there is a detailed discussion of the Malawi decentralization process to complement the seven-year experience with implementing an SAF. Since Tanzania and Uganda have limited experiences with SAFs, their decentralization strategies are given in much shorter summaries.

After the 1993 multi-party referendum and the 1994 elections in Malawi, a consultative process was set in motion to develop new forms of local governance to replace the old ones which had been weakened through the gradual transfer of power to central government agencies. The 1996 draft National Decentralization Policy was finalized in 1998, followed by a Local Government Bill in the same year. The Local Government Act (LGA) of 1998 became effective in early 1999. This Act sought to promote popular participation in governance and development, and to devolve authority for implementation to the district level (to District Assemblies). In order to harmonize the new Act with existing laws affecting the lives of Malawians, it was found necessary to revise at least seventeen (17) Acts so that District Assemblies could primarily take over the function of service provision in roads, health, education, and most extension services.

The Malawi LGA (1998) created Assemblies, Cities, Municipality, and Towns (3); and elections for councillors were held during the local elections of November 2000 (table 3). In Tanzania, the SAF only operates in 40 Districts and 2 Islands while in Uganda it only operates in the North – with 18 Districts. Sub-district structures are also provided for in these LGAs, some as formal structures with statutory responsibilities, but mainly as implementation structures for the District Government. In Uganda, there are five levels of Local Government (village, parish, sub-county, county, and District), while Tanzania and Malawi have three (village, ward, and District).

Table 3. Distribution of Local Authorities

Local Authority	*Malawi*	*Tanzania**	*Uganda*
District Council/Assembly/Islands	26	105	54
Municipality	1	11	24
Town	8	5	104
City	3	2	1

*There are two Islands in Zanzibar as part of the Union.

Although only elected Councillors have voting rights in the District Assemblies (DAs) in Malawi, other members include Traditional Authorities and Sub-Traditional Authorities (inherited leadership), elected Members of Parliament from that district, and persons appointed by the elected Councillors to represent special interests (like women, NGOs, businesses, etc). There are provisions for each DA to have a Chairman and Vice-Chairman, and to designate a Chief Executive Officer to 'head a Secretariat of the Assembly'.[16] All members of the DAs are important actors in the promotion of development activities in the district, by playing different roles in the Assembly, in the communities where they live, and nationally – which makes them critical to the success of community projects

[16] Government of Malawi (1998) *Local Government Act, 1998*, Government Printer, Zomba.

such as those supported by the SAF. Tanzania and Uganda have very similar provisions, although the Chief Executive Officers have more power in the more decentralized system. In all three countries, there are Executive Committees made up of sector heads under the chair of the CEO (of the LA) or the District Commissioner (representing Central Government).

3.3 SAF context

When the Malawi Social Action Fund (MASAF) commenced activities in 1996, District Councils had been dissolved under one-party rule, but some former employees of these were still working under the supervision of central ministries. Results from systematic client consultations in 1995 showed that communities had little trust in many government-sponsored structures. In Tanzania, The Tanzania Social Action Fund (TASAF) was designed during 1999 in a backdrop of LAs with a poor record of service delivery. In both Tanzania and Malawi, direct funding was established between a central unit and communities, district structures, and NGOs depending on the target for resources. In 2002, Uganda sought to use the SAF in the Northern region where social instability and a distrust of central government are prevalent, by locating the disbursement unit away from the capital city, with more refined rules for the flow of resources between the SAF and communities so that there was a clear step-by-step outline of how District Councils would take over the management of SAF resources. The experience of MASAF, designed without LAs, was used to inform the design of TASAF – with modifications to utilize deconcentrated structures. The challenges of implementing TASAF have in turn informed the design of a Northern Uganda Social Action Fund (NUSAF), especially at the community-local authority interface to ensure that District Councils do not become the bottleneck for resource flows to communities. Lessons accumulated from Tanzania and Uganda have shaped the design of the third MASAF, to be integrated into the LA management system.

The early design of MASAF left the management of the Public Works Program (PWP) to the employees of disbanded District Councils; and funds from MASAF were transferred to District PWP accounts for these employees to manage. The sub-project cycle has been used by MASAF as the tool to manage the way these to finance cash transfer through public works projects. In managing the PWP, there were problems of low management capacity in the LAs, especially technical supervision and disbursement of wages to villagers on time, and this has made it difficult for MASAF to expand the role of LAs beyond managing the PWPs into managing funds that went directly to communities to finance Community Sub-Projects. In Tanzania, the PWP was also left to the LAs, where the problem has been one of LAs using these funds to finance their highest priority public works instead of being more responsive to the needs of food insecure communities. In Uganda, PWPs were subsumed under Community Development Initiatives (CDI) component to ensure that they would be more demand-driven, and because there was little support by various development partners and government for such interventions. While each SAF has been designed to respond to levels of decentralization, it is MASAF 3 that has gone furthest in this process by clearly defining service packages whose implementation by communities, supported by LAs, is expected to provide clear benchmarks for the integration of SAF into the workings of the LAs – based on the strategy of first supporting LAs to implement PWPs efficiently before taking over the management of all SAF resources.

In all three countries, communities have been able to implement small discrete Community Sub-Projects (CSP in Malawi and CDI in Tanzania and Uganda) in order to increase service coverage in the areas of health, education, water, and village natural resources such as woodlots.[17] Sectors such

[17] MASAF has had the largest spread of CSPs, while TASAF has had the largest CDI investment. NUSAF is still to fully take-off.

as education and health have contributed to the SAF by providing technical expertise for sub-project appraisal at the district level. The menu (table 4) covers the regular CDI sub-projects, but also other activities needed to respond to the needs of the vulnerable (orphans, elderly, chronically ill, etc.) as well as those living in a post-conflict environment and needing support to cope with the aftermath of conflict.[18]

Table 4. Early SAF menu of sub-projects in Malawi, Tanzania, and Uganda[19]

Positive menu items		
Education:- School mapping. Classrooms. Teachers' houses. Desks. Laboratories. Photo-voltaic units Toilets/Pit Latrines. Water. Waste disposal. Core textbooks. Sports fields/recreational facilities.	*Water and Sanitation:-* Water point rehabilitation. Boreholes and Deep wells. Spring protection. Earth dam rehabilitation/construction. Cattle watering facilities. Water harvesting. Head-works for water points. Washing facilities. Toilets/Pit latrines.	*Capacity building:-* Training communities and their leaders. Training staff from government, NGOs, and private sector agencies. Community meetings (youth, elders, women, etc.). Materials (IEC, training, documentation, etc.). Sports, drama, and cultural activities. Support the preparation of appropriate LA bye-laws.
Health:- Health Units. Toilets/Pit latrines. Water. Photo-voltaic units. Waste disposal. Drug revolving funds.	*Agriculture/ Environment :-* Fish landing sites. Granaries. Terracing. Cattle & small ruminants restocking. Afforestation. Energy saving stoves. Demonstration plots. Nutrition gardens. Agro-processing technologies.	*Others:-* Community centers. Youth Vocational/Training facilities. Skills training and equipment. Income Generating Projects. Time and energy saving technologies. Psycho-social counseling for persons. affected by AIDS and conflicts.
Negative menu items:- General income-generating activities. Micro-finance/banking. Resettlement activities Food and clothes distribution. Specialized training suited to sector specialists. Relief work. Refugee interventions.		

[18] The team working on NUSAF consulted with a wide range of NGOs active in conflict management and concluded that if SAF resources were used to promote community reconciliation and conflict resolution, this would reduce the number of vulnerable persons created by the conflict; and support to existing vulnerable persons would assist them become active in the community and participate in community development initiatives. This produced a project with three integrated components (Community Development Initiatives, Vulnerable Group Support, and Community Reconciliation and Conflict Management).

[19] These have given way to open menus in both MASAF 3 and TASAF II, with specified beneficiary characteristics being the targeting mechanisms and guides as to what activities are funded.

In Malawi, the main constraint to supporting a wide range of sub-projects from this list has been due to sectoral shortcomings. The health sector has, for instance, been unable to find sufficient health workers to staff completed health facilities – often accomplished by deploying from another under-staffed facility. Sectors such as water and roads have been able to provide technical staff for appraisal, but not enough to develop appropriate Operation & Maintenance (O&M) techniques, adequate monitoring and evaluation systems, and guidelines on the choice of technologies. In Tanzania, the main constraint has been the use of annual ceilings given by the SAF Management Unit to District Councils to keep community demand artificially low – thus using the SAF as a District Public Sector Investment Program. This experience has led to a change in strategy for Uganda so that Districts and Communities are informed right from the beginning of the total resource envelope, guidelines for allocations to Districts, and rules that govern community access to these resources. Furthermore, this information is published in the newspaper as are regular implementation progress reports. This level of transparency has also been introduced in Malawi and Tanzania to ensure that the SAF fully executes its transparency and accountability mandate through the use of citizens report cards, regular press releases of information on how LAs and communities are performing, and extensive use of various communication channels (radios, meeting, pamphlets, drama, song, etc.).

Sector failures cannot always be predicted

In MASAF, this process was followed and sector ministries signed agreements that recurrent costs would be available. When some of the facilities were completed, especially health centers, the Districts found that while they had budgets to meet recurrent costs, there were no staff to be hired. The role of central agencies in the production of human resources, ensuring that the medical stores has drugs for purchase by districts, and other systems are in place is equally important. It is for this reason that the follow-on MASAF 3 has shifted emphasis away from the provision of infrastructure to the provision of services – training of staff, supporting drug revolving funds, implementing anti-malarial programs, supporting community nutrition projects for the under-fives, etc. as the sub-projects communities can select (one or many of these can be in one sub-project proposal as long as the total budget is below the agreed ceiling). Furthermore, each Local Assembly will be expected to use existing levels of recurrent funding a (% of schools and clinics staffed, water points with maintenance systems, etc.) as indicators during desk appraisal; and the national approving body chaired by the Ministry of Finance will use these same indictors when approving budgets for Local Assemblies. This use of service coverage indicators in each Local Assembly during appraisal and approval stages will be the way that SAF apply sector norms and standards to better align the work of communities with the Local and Central Governments.

The approval of sub-projects to be funded under MASAF 3 is done by a National Technical Advisory Committee (NTAC) chaired by the Ministry of Finance. In TASAF II, it will be by a Sector Experts Committee chaired by the Ministry of Local Government. In both countries, the strategy is to ensure that sector norms for service coverage at the district level and central government funding of recurrent funding are important criteria for determining the flow of funds to LAs in support of community action and poverty reduction in Malawi and Tanzania. This is a critical stage to the full take-over of SAF resources by LAs under the leadership of a central government ministry.

The selection of sub-projects under the SAF is done by communities based on their prioritized needs through a participatory planning process using PRA tools. This 'need-definition' of communities and the sub-project cycle are the primary tools for managing interactions between communities and outside agencies. 'Need definition' of communities has in the past been the main mechanism for facilitating the management of community sub-projects in MASAF, but the District Plan has been used as an additional tool to manage demand in Tanzania and Uganda, and more recently in MASAF 3. This has introduced a major challenge for the SAF, to remain demand-driven but get integrated into the LA planning processes and development plans. The SAF has responded by facilitating the articulation of national, district, and community levels in terms of implementing the generally agreed broad mandates of these levels through the use of a sub-project cycle (table 5).

The Ministry of Local Government in all three countries has been recognized as the agency for strengthening LAs and advocating for a participatory planning approach to development. The SAF has in these countries become an important mechanism for bringing communities into mainstream development on a large scale – something the NGOs have been doing on a very limited basis, with accountability for resources being retained by a central office. The end-point for the SAF is when the Community-LA partnership (local governance) functions for the benefit of poor communities and contributes to the long-term goal of building viable LAs that can deliver measurable services. The process adopted by the SAF is aimed at empowering communities so that they can become better partners in the delivery of assets meant to improve access to services in the districts. Past experience with the channeling of resources to communities through District-level structures, as well as the findings of Community Needs Assessments (CNAs) in all three countries, were used to inform the design of the SAF. The result was a project aimed at overcoming four specific constraints experienced by line ministries, districts and communities:-

(a) Exclusion of communities from many decision-making processes.
(b) Slow speed of delivering resources to communities and their structures.
(c) High proportion of resources taken up by administrative structures.
(d) Services often not relevant to the needs of the poor.

Table 5. Sub-Project Cycle and levels of Government

Level.	***Main responsibilities within the Community Sub-Project Cycle***
National Ministries	- Produce policies, norms and guidelines. - Allocate resources to lower levels (District Councils) - Develop criteria on resource allocation to districts - Oversee and co-ordinate Local Government Acts which defines a strategy to decentralize resource and responsibilities to the district level. - Receive feed-back and monitoring reports from districts.
Local Authorities	- Transmit Central Government policies to communities. - Implement Local Government Act at districts and lower levels. - Differentiate and distribute functions between Bureaucracy (administration) and Elected bodies (Council) when managing projects. - Use approved criteria for resource targeting to Operational Areas (Wards and Villages). - Receive demands/requests for services from communities (in the form Community Action Plans). - Prepare and approve district plan. - Channel resources to communities through Wards, CBOs/NGOs, & others. - Provide technical support in line with funded priorities.
Communities	- Work through elected representatives (formal ones like Councilors and informal ones like Project Management Committees). - Work through CBOs and NGOs in responding to specific issues (e.g. vulnerable groups). - Target resources at individuals, households, and whole communities (in response to demands). - Utilize open-ended Participatory Rural Action (PRA) tools to produce Community Action Plans. - Apply the extended PRA to produce fundable community sub-projects.

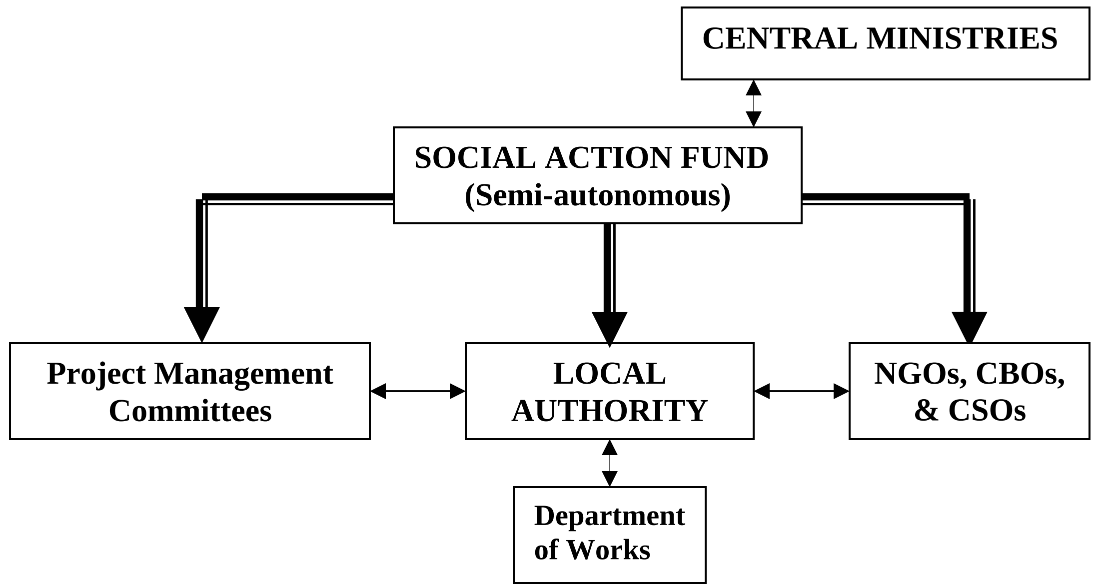
It was on the basis of these four concerns that the SAF developed systems and procedures for the integration of community-managed projects into decentralized management systems, later to be managed by LAs (summarized in table 5). Thus, the SAF has to some extent acted as 'a systems development project' so that approaches to local governance can take on board those community experiences which promote community empowerment in service delivery. A major problem in this process has been the existence of hostility to direct community financing by many central government employees who, with some justification, see this as a reduction in power for government administration. The response strategy used by the SAF is to develop resource benchmarks on the speed and cost of delivery (efficiency), and proportion of resources reaching communities (effectiveness). It is expected that central ministries, LAs and communities will use the SAF to set targets to be met in addressing these concerns. On the issue of exclusion for communities, the open-ended PRA tool developed under the Ministry of Local Government leadership can adequately address the problem.

The flow of resources under a SAF is based on two factors: (a) the need to address the four concerns raised above, and (b) complexity of sub-projects in terms of what is needed to manage their implementation. This has produced a three-stage financing process (figure 4):

(a) Direct community funding for small discrete sub-projects for a defined community. All CSP/CDI sub-projects are approved by LAs and implemented by PMCs which receive funds directly from the SAF Management Unit.
(b) The Public Works Program is implemented by District-level structures and LAs in order to transfer cash to the poor working to create public assets.
(c) NGOs and CBOs working with vulnerable groups, after approval of plans by a SAF Steering Committee.

The flow of funds in figure 4 was adopted in all three SAFs from the beginning, partly to test the capacities of communities, LAs, and CBOs/NGOs. From the first phases of the SAF, most efficiency and transparency has been found in PMCs' work and the mechanism of direct financing has been maintained in the evolution of SAF in the three countries. Problems of accountability with LAs has led to a modification of resource flow so that communities and private contractors/service providers now have more responsibilities in sub-projects implemented by LAs. In the case of NGOs/CBOs, the main problems has been their absence in the rural areas where communities expect support; and as a result these bodies retain a rather limited role of technical backstopping to PMCs and LAs.

Figure 4. Flow of resources and reports under a SAF[20]



Flow of funds from SAF to:-	Flow of information:-
- PMCs to implement CDI and CSP. - NGOs, CBOs, and CSOs to implement SSP. - LAs/District Structures to implement PWP.	- Norms and policy standards from Central Ministries to SAF and LAs. - Plans and reports from LAs to SAF and central ministries - Proposals and progress reports from PMCs, and Department of Works to LAs and SAF. - Proposals and progress reports from NGOs, CBOs, and CSOs to SAF.

All the sub-projects financed by the SAF are facilitated and appraised by district and national level staff (often with extra contract staff provided from the SAF Management Unit as part of capacity building at the district level). Thus, right from the start, communities whose projects have been approved by LAs or District-level structures receive funds directly from the SAF.

The audit function follows the flow of resources and responsibilities for implementation. As funds come from the World Bank to the Government through a Special Account managed by the Treasury through the SAF, there is some auditing at this level. For funds channeled directly to communities or through LAs, auditing is done at the District level (where community progress reports are kept). There is an additional internal audit conducted by SAF staff at the District level (where additional accounting skills are provided) to check on accounts maintained by communities for directly-funded sub-projects and strengthen appraisals. At the community level, there is an added element of community auditing because PMCs keep information on the costs of inputs needed by sub-projects (including community contribution), and report to the community at public meetings; and these are the main checks for transparency in resource use. NGOs/CBOs also submit audited reports for projects they implement to SAF, with copies to the LAs. There is also need for physical audits by LAs and district structures - done by the technical supervising department.

[20] An earlier diagram was simplified with assistance from Joseph Kizito during the design of NUSAF.

2.4 Community Driven Development (CDD) approach through SAF

The concept of a CDD approach envisages the full alignment of community needs with decentralized district structures and policy-giving central government ministries. The processes adopted by SAFs make it possible for the CDD approach to be achieved in a relatively short time as the SAF allocates technical responsibilities to central ministries and district structures right from the beginning while contributing to capacity building efforts at these levels. The SAF adopts principles that allow for the evolution of relationships between communities and external agencies reflecting the CDD approach within a decentralized system (table 6). In addition, the SAF provides the CDD approach with the sub-project cycle as a mechanism to continue the management of these relationships. The CSPC captures the ‘rules of engagement’ for the CDD approach, and this makes the SAF an important instrument for this approach.

Table 6. Principles of SAF and the CDD approach

SAF principles	SAF contributions	CDD approach principles[21]
1. Community participation. 2. Direct financing. 3. Transparency and accountability. 4. Partnership and capacity building. 5. Autonomy. 6. Flexibility. 7. Apolitical.	- Local decision-making with direct funding. - Implementation and planning processes. - Harmonized planning procedures - Resource allocation and targeting criteria. - Integrated service provision. - Equal access to information. - New systems and staff categories. - Community ownership and organization.	1. Empowering communities. 2. Empowering Local Governments. 3. Re-aligning the center. 4. Improving accountability. 5. Building capacity.

The speed at which a traditional SAF takes on the CDD approach is decided upon by each district depending on its ability to manage resources for different beneficiary groups. In order to facilitate this transition, the SAF has worked with central and local government agencies to produce a schedule of ‘delivery benchmarks’ based on the CSPC (table 7). These resource benchmarks try to address the need for efficiency and effectiveness in terms of speed and cost of delivery as well as the proportion of resources reaching the beneficiaries. LAs and the SAF Management Unit agree on the targets to be achieved under each of these benchmarks and extra capacity building funds are set aside to assist LAs attain the benchmarks so that they can take over the management of SAF resources. In order to ensure that sub-projects funded are relevant and include the targeted beneficiaries in decision-making, SAF provides the LAs with resources to carry out open-ended PRAs to ensure that priorities are set and laid out in a Community Action Plan (CAP) that is integrated into the District Development Plan. More resources are provided to the LAs to conduct extended-PRAs to assist the community prepare a proposal for funding the sub-project. Thus, the open-ended PRA is a LA planning tool to ensure that community priorities are included in the development plan for that LA, while the E-PRA is a project-specific tool used by LAs to assist communities develop a proposal for funding from a project (e.g. SAF).

[21] The Primary Health Care approach had eight principles, and each PHC project could be assessed in terms of which principles it had implemented. The same is going to happen with poverty programs being assessed against the five principles of the CDD approach rather than every project attempting to cover all the principles.

Table 7. Delivery benchmarks in a community sub-project cycle

Cross-cutting	**Stage** (duration in months)	**Activity**	**Duration (days)***	**Responsibility**
O&M Gender Environment Monitoring Functionality Accountability	**Pre-Sub-project cycle** (Mobilisation and sensitisation; and use of open-ended PRA)	District three-year and annual plans IEC: Awareness-raising Setting out community priorities Community Action Plan	varies	LAs Ministry of Local Government CBOs/NGOs
	1. Project Identification (Extended PRA) (1 month)	Needs confirmation Priority confirmation Formation of PMCs Project preparation	1 10 1 3	Community Facilitators (CFs) CF/CSO/NGO PMC/CF/extension
	2. Desk Appraisal (0.5 month)	Submission of proposal; Receipt of proposal. Technical review/review with Sectoral Standing Committee and feedback.	1 1 10	LA Staff
	3. Field Appraisal (1.5 months)	Team formation Field visit Report from Field Visit	1 2 1	LA staff
	4. Approval (1 month)	Consolidate sub-projects report. Present to District Council for endorsement. Submit to Social Fund and notify PMC	2 1 3	LA structures/SAF Management Unit
	5. Launch (0.5 month)	Signing of agreement Induction of PMC members Launch ceremony		Local leadership and PMC
	6. Implementation (7 months)	Training in management Record-keeping Disbursement/procurement training Technical supervision Financial supervision Physical checks Monthly reporting	5 1 2 14 3 14 7	PMC, LA staff , NGOs/CBOs, Sector experts, and various Technicians
	7. Completion (0.5 month)	Inauguration and/or hand-over Certification	1 1	PMC/leaders LA/SAF staff
	Post Sub-project Cycle (evaluation)	Use sector norms to evaluate. Training of PMC members	varies	Sector experts.

* Inter-stage time lapses must be worked out and standardized by each SAF.

The delivery benchmarks have been matched with the complexity of processes within the three SAF, and this has modified the existing resource flow system into one which can integrate the CDD approach into Local Authority operations (figures 5). The traditional SAF fully takes on a CDD approach by promoting the following three steps:-

1. Local Councils first test their capacity to meet resource benchmarks by implementing multi-community projects that require complex management systems in terms of technical expertise, supervision, etc.
2. Once a Local Authority has met resource benchmark targets for the PWP, it can take over disbursement to PMCs.
3. NGOs, CBOs, and CSOs are identified (by communities and through the PRA processes) to assist vulnerable groups initially submit their plans to the SAF Management Unit for approval and then receive funds directly. Those LAs who meet resource benchmarks for complex multi-community sub-projects and undertake direct financing to PMCs can also co-ordinate plans from NGOs/CBOs/CSOs to ensure that they are within the overall district plan. This promotes accountability between CBO/NGO/CSO, LAs, and communities.

Given the slow pace of devolution by line ministries, the hand-over of management responsibilities to LAs using this three-stage process has been on a sector-by-sector basis, tied to sectoral devolution of responsibilities (gaining better alignment between districts and central ministries). The Ministry of Local Government has used these processes and experiences to define strategies for greater integration of local community actions into local governance while encouraging sectoral ministries to devolve more powers to the LAs. The use of service packages linked to clear service coverage targets further assists this process of aligning the actions of communities with those of LAs and central ministries.

In Tanzania, the delivery benchmarks approach tested in TASAF I has been replaced by a Local Government Reform Program (LGRP) which has defined a number of fiduciary and planning capacity criteria which LAs must meet before they can receive grants from Central Government. SAF resources has been equally treated and will only be managed by LAs that first meet the LGRP access criteria. The constitutional provisions for a Village Government in Tanzania has given the SAF a chance to work with the lowest form of LA (the Village Council) and channel resources to communities while the higher LAs build their fiduciary capacity; with some support from the SAF to strengthen planning and monitoring functions.

Main procurement methods used by PMCs under World Bank-funded SAF

(i) *Local shopping* when an invitation to bid is sent to a minimum of three bidders selected by the PMC. The lowest evaluated bidder is awarded the contract. Simple or locally available goods and services such as timber, nails, paint, roofing sheets and office equipment like filing cabinets, pens, notebooks, receipt books, cement, etc. can be procured by this method.

(ii) *Direct contracting* where the PMC identifies and selects a contractor, supplier, or consultant familiar to the community, negotiates a price with him/her and awards the contract based on the agreed price. This occurs in cases where the first method is not practicable. The construction of a water well and other small discrete assets can be done using this method.

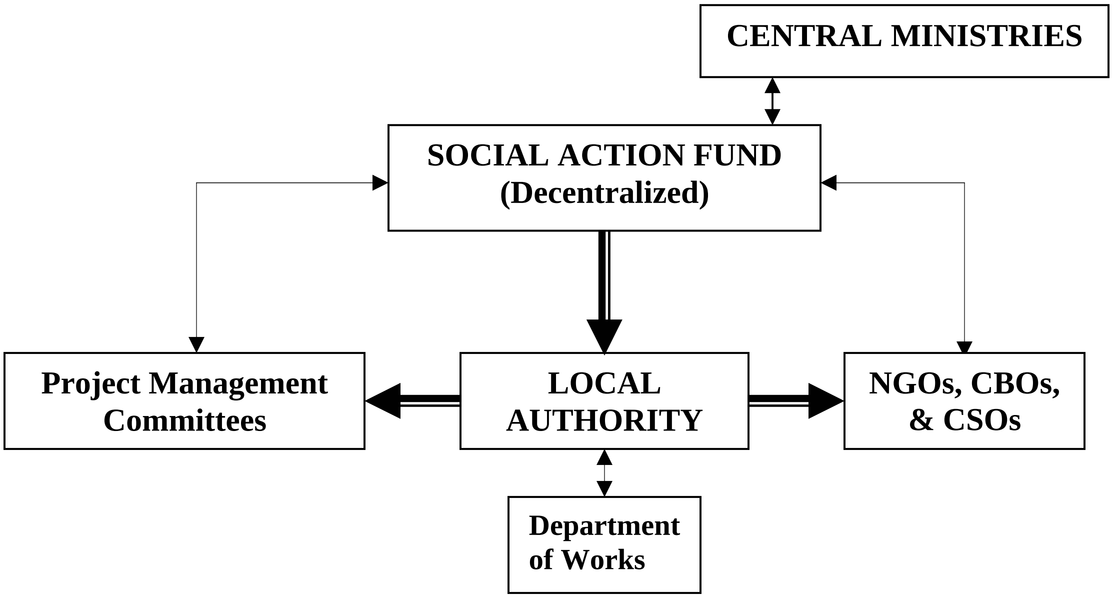
(iii) *Local bidding* where a specific notice is placed on local notice boards at village or sub-county or district levels. At least 15 days are allowed for bidders to prepare and submit bids, and ensure that the date, time and place for the public bid opening and the deadline for submission is indicated. Bids are examined and those that do not meet the minimum specifications in respect of experience, quality of works (track record), equipment, services offered and the delivery dates are eliminated. This method can for instance be used in the construction of a sizeable community bridge.

The flow of resources under a SAF which fully uses the CDD approach in its operation (figure 5) is the strategy being pursued by the three SAFs and is expected to lead to a new configuration of institutions for promoting community empowerment. MASAF is expected to be replaced by a fully autonomous institute or a unit under the Ministry of Finance (or Local Government) whose primary function is to (a) promote direct funding for community-owned development initiatives in the form of sub-projects, and (b) use the CDD approach as a ‘safeguards framework for all community-targeted interventions. This will integrate the SAF into the Government Poverty Reduction Strategy (PRS) and Medium-Term Expenditure Framework (MTEF) managed by the Ministry of Finance. It is in anticipation of this development that the SAF in all three countries has been restricted to developing fiduciary safeguards (for a funding agency) and discouraged from becoming a technical agency (left to sector ministries).[22]

Resource flows will be activated by a schedule of approved and costed sub-projects, prepared by the Local Authority and sent to SAF Management Unit or Ministry of Finance as conditional grants to LAs to support community-managed interventions. Once all the LAs have met the LGRP or resource benchmark targets as set out above, the SAF is expected to disburse all funds to the LA against an approved list of costed sub-projects, and functions of the SAF Management Unit will be changed to reflect the new reality. After this, auditing will be done at the LA level, with LA internal audit units taking on the responsibility of checking community sub-project accounts. Each Local Authority in Tanzania have been audited to show how other projects are being implemented using existing systems as a baseline for the setting of delivery benchmarks; a process being planned in Malawi. Results from the audit will give LAs a framework within which to assess the extent to which various projects are contributing to decentralization. It will after that be possible to discuss convergence, over time and develop indicators to track progress, between the SAF and all other projects aimed at promoting community empowerment and strengthening decentralization. The strategy of SAF is to make direct financing (to PMCs through the village-level structures) an integral part of decentralization in order to make community empowerment sustainable.

[22] Bank team working on the three SAFs has been involved in an intense debates with sector specialists in the Bank who argue that the SAF should employ specialists in environment, resettlement, gender, health, HIV/AIDS, and other areas of operation found deficient. The danger with this approach is that the PMUs for SAFs will become one large ‘central ministry’ in conflict with central government agencies. The SAF teams have instead argued that the strategy should be one of making capacity building resources to the relevant technical agencies to play their roles (i.e. support the ‘aligning with the centre’ feature of the CDD approach).

Figure 5. Towards decentralized SAF flow of resources and reports



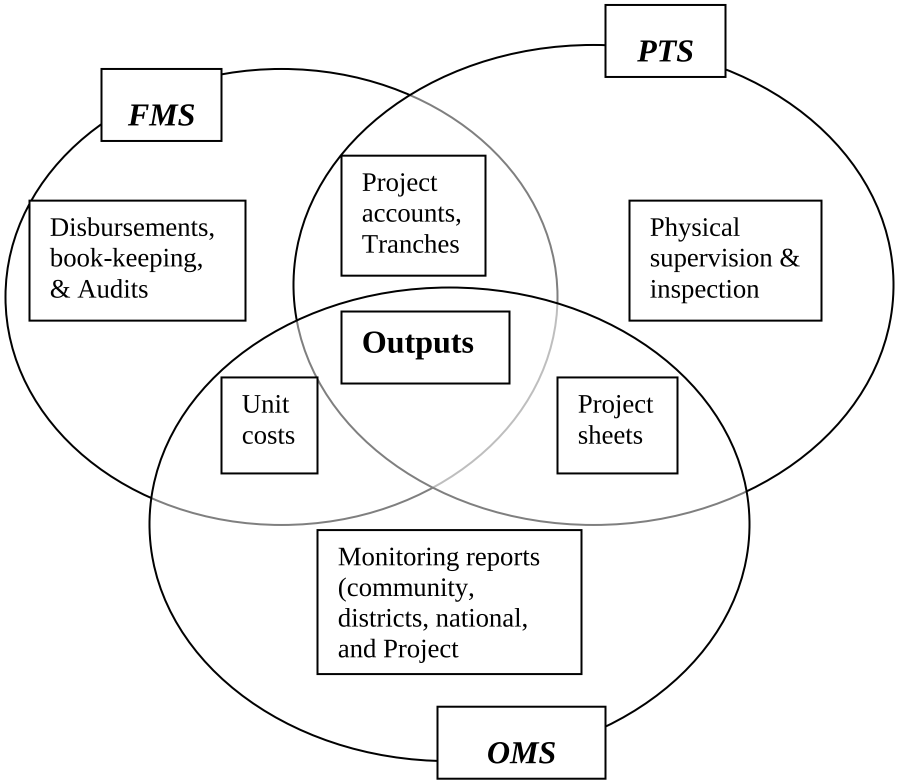
Flow of funds from LAs to:-	Flow of information:-
- Department of Public Works (from the start) for improving livelihoods through PWP. - PMCs (after LAs have met delivery benchmarks for (a) above) - NGOs/CBOs (after LAs have met delivery benchmarks for (b) above).	- Norms and policy standards from Central Ministries sent to SAF and LAs. - Plans and reports from LAs to SAF and central ministries - Proposals, progress reports, and accounts from PMCs, Department of Works, NGOs, CBOs, and CSOs are sent to LAs.

2.5 Delivery Benchmarks, Transparency, and Accountability

With the integration of a SAF into the LA as the instrument of choice for a CDD approach, the SAF Management Unit is expected to become a capacity building unit with responsibilities for monitoring the CDD approach in the way LAs work with communities; and then disseminating the results at community, district, and national levels in order to embed transparency and accountability within the delivery system. This monitoring and evaluation function in support of community-owned development is an important insurance against the slide of Central and Local Governments into supply-driven development.

The existence of a Management Information System (MIS) which contributes to effective monitoring and evaluation is a critical element in the promotion of transparency, effectiveness, and community empowerment under the SAF – whose Management Unit should be able to work with national Line Ministries, LAs, and Communities to develop such a system aimed at measuring performance at each stage of the sub-project cycle. Ideally, an MIS for SAF should have three sub-systems, each separate and with special characteristics, but sufficiently inter-related to ensure an effective seamless management system at the various levels of the SAF. These sub-systems are Financial Management System (FMS), a Project Tracking System (PTS), and Output-based Management System (OMS); and their intersections in figure 6 give an indication of the kind of reports that need to be produced.

Figure 6. Sub-systems for a SAF Management Information System.



Financial Management System. In the early stages of a SAF, the FMS is critical because a centralized system (like the Ministry of Finance) needs a mechanism to keep track of resources. There are several commercial accounting software packages suited to this sub-system, and the choice of package should ideally be based on what is approved by the Ministry of Finance and the Ministry of Local Government for use by LAs. A good accounting software is needed because there are too many sub-projects to monitor using manual systems.[23]

Project Tracking System (PTS). Although desirable from the start, the PTS becomes critical when the management of resources is transferred to the LAs. In the early stages, existing office software packages are often adequate to maintain an electronic filing system. Ideally, the PTS should be put in place during the piloting phase, but it can be developed during the implementation of the SAF as more responsibilities are delegated to the LAs. The PTS is critical for monitoring the 'delivery benchmarks' and should be available to the LAs and to the SAF Management Unit so that everyone has access to the information used to make decisions on the handover of responsibilities for resource management.

[23] Under MASAF, over 8,000 sub-projects have been funded; TASAF is on course to fund close to 3,000 sub-projects, and NUSAF will be in the same range. This large number of small sub-projects spread around the country poses a particular challenge to the monitoring and reporting of activities under the SAF. With even 10 members per PMC, these SAFs have the potential to mobilize a large number of community activists in each country.

Output-based Management System. An Output-based Management System (OMS) for sub-projects creates the foundation for the development of a performance sub-project management system so that the contracting of NGOs, CBOs, and private service providers is transparent to both communities and supporting agencies. There is some limited experience with the use of "Standard Operational Bills of Quantities" (SOBOQs) to produce "Schedules of Provisions" (SoPs). The SOBOQs and SoPs provide the SAFs with a starting point for developing a computerized OMS for use at the national and LA levels. In time, this system should guide the development of performance measures for LAs as more of the sub-projects come under their complete management – whether using resources from a SAF, other development partners, from Ministry of Finance, or even LA resources.

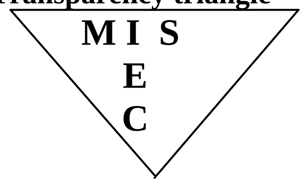
Monitoring and evaluation under the SAF is the responsibility of several agencies that make it possible for community to manage their investments using the CSPC. While these bodies have different names in each of the three countries, table 8 provides a generic naming of the most critical bodies.

Table 8. Summary of monitoring and evaluation bodies and their functions

Body	***Functions/Mandates***	***Membership***	***Frequency***
National Committee	Approval/policy for SAF	Government & NGOs/CSOs	Quarterly
Central Forum	Foster accountability in PRS reporting	Senior officials, Civil Society, Development Partners	Quarterly
Sector Experts	Oversee sector norms	Line Ministry Representatives	Quarterly
Management Unit	Direct management & oversight of SAF	Executive Director & Directors	Fortnightly
District Committee	Approval of subprojects	Councillors and Technicians	Quarterly
District Sector Specialists	Technical appraisal	District Executive wth Technical Departments	Monthly
Sub-District	Coordinate development	Councilor & members of Village representative body	Monthly
Village representative body	Oversee village development	Elected village representatives	Quarterly Monthly
CMC/PMC	Implementation of sub-projects	Elected with technical support	Fortnightly
Communities	Mobilization for sub-projects and elect PMC/CMC	Persons over 18 years	As needed

The single most critical input for transparency and accountability has so far been the mounting of an Information, Education, and Communication (IEC) campaign as the nucleus of a Development Communication Program (DCP). While the existing SAFs referred to in this document have a reasonably good IEC program, the emergence of a decentralized DCP has been hampered by the slow pace of decentralization which would ideally generate community-level information for packaging into campaigns for use at the district and community levels. Without this decentralized communication component, IEC has major limitations in fostering a sustainable accountability program beyond the centrally-managed SAF because it lacks comprehensive 'Information' generated in a timely manner to foster transparency and accountability. It is not enough to provide information for managers, important as this is for the success of a project, a SAF MIS has a broader function in the SAF. A well-functioning MIS should be able to interface with IEC by providing the necessary information to be packaged for education and communication at the various levels of project operation. This MIS/IEC interface provides critical ingredients for a transparency triangle which contributes to a comprehensive and layered accountability and effectiveness structure.

Transparency triangle



In order to start producing components that go into making up an effective DCP, the SAF needs to build an MIS. Some of the critical actions include:-

(1) Producing detailed costing of sub-projects with bills of quantities to allow for easy planning and community auditing for the PMCs.
(2) Preparing simple format for summarizing projects for easy Desk and Field Appraisals (with attendant annexes to address such critical issues as gender empowerment, environmental protection, etc.).
(3) Generating simple formats to summarize all desk appraised project proposals for distribution to communities, Councilors and Members of Parliament so that they can do their own independent ‘field verification’ to complement the technical Field Appraisal.
(4) Preparing reports on all approved sub-projects by communities, LAs and Constituencies in terms of numbers and resources.
(5) Summarizing targets met by LAs against the resource benchmarks that allow the channeling of more resources to the LAs.
(6) Summarizing financial tranches sent to the various implementing agencies and the type of projects being funded (such information can be made available to community members, councilors, MPs, and others nationally).
(7) Reporting on sub-project outputs from various communities, average unit costs, and average implementation periods.
(8) Producing summary reports needed by LAs, Parliament, and Cabinet to monitor progress towards empowerment for decentralized development.
(9) Preparing and disseminating findings from beneficiary assessments and other evaluations showing progress being made by various districts in the improvement of access and service coverage for various sectors where sub-projects have been funded and completed.

In MASAF 3, suitable information sheets (“certificates”) have been prepared and issued at several critical stages in the sub-project cycle (e.g. after desk appraisal, before approval, after approval, after disbursement of every tranche, and upon completion of sub-projects) to promote accountability and transparency.[24] In the three social funds, transparency and accountability have been promoted through the release of information through the press: on allocation of resources to districts, sub-projects funded, and performance of LAs against their plans to fund communities using SAF resources. An effective transparency triangle ensures that information available to managers of the SAF is also suitably packaged for all stakeholders as part of creating a level-playing field with information which supports mutual accountability.

[24] The work of Krishna Pidatala in MASAF 3 design contributed to the development of ‘certificates’ which LAs will send to the SAF in order to trigger a number of actions (including disbursement of funds).

Monitoring and Evaluation

Monitoring and Evaluation (M&E) systems have been slow to evolve in the SAFs. The first generation SAFs (MASAF I&II, TASAF I, and NUSAF) focused on stimulating existing social capital to produce community infrastructure (with emphasis being on the measurement of inputs and outputs at community, LA, and national levels). The measurement of outcomes in terms of impacts that investments have on poverty and service improvements was left to other agencies (especially Ministries of Economic Planning) with a responsibility for reporting on progress made by national development strategies such as the PRSPs. With some limited strengthening of central government agencies and LAs, M&E data from the early SAFs reported on outputs and progress on potential increases in access to services by previously under-served communities, for instance under MASAF I and II (table 9). By matching the number of classrooms built with the agreed sector norm of children per classroom, the SAFs have for instance been able to report on ‘potential access’ attained by project outputs.

Table 9. Data on MASAF I and II achievements, 1995-2003

Infrastructure	Users	*Norm/ facility*	*Targets achieved*	*Population with potential access*
Classrooms	Children	60	4,697	281,820
Staff houses	Teachers	2	1,320	2,640
Desks	Children	3	82,096	246,288
VIPs	Children	30	6,607	198,210
Water points	Population	200	3,855	771,000
Health units	Population	8,000	80	640,000
Bridges	Population	500	880	440,000
Roads kms. built	Population	250	8,807	2,201,750
SSP investments	Persons	300	400	120,000
Trained	Persons	10	92,000	920,000
Total population				5,821,708

Source: MASAF quarterly reports

In MASAF 3 and TASAF II, the focus has moved beyond outputs and potential access to the capturing of information on intermediate outcomes. Thus, it is no longer sufficient to count how many classrooms were built and how many children have the potential access to improved learning environments. These new SAFs have built into their M&E systems provisions for communities to maintain data on how many children complete their schooling at the end of each team for each class in grades 1-7. This information should enable communities to measure their *contributions* to the set MDG indicator target, and for LAs and central governments to assess the likelihood of the country reaching the MDG related to the proportion of children who complete their fifth year of schooling. The quality of education is still left to educational authorities to monitor, but communities have the tools to at least monitor problems associated with low completion rates or inadequate school enrolment of girls. The SAF continues to operate at the output and intermediate outcomes level, making a contribution to the attainment of development outcomes (table 10).

Table 10. Results measurement chain

Actor	*Input*	*Output*	*Intermediate Outcome*	*Development outcome*
Printer	Paper	Information packs	Income from sales	Improved living standards (measured through a number of indicators – e.g. the MDGs)
Extension worker	Information packs	Farmers reached	Farmers adopting technology	
Farmer	Knowledge	Increased yield	Increased revenue and profit from sales	
Miller	Wheat	Flour produced		
Retailer	Wheat flour	Flour bought		
Baker	Flour	Bread baked		
Household	Bread	Meals consumed	Improved nutrition	

The application of this approach to the design of MASAF 3 led the design teams (Government and Bank) to conclude that it is possible to identify activities that are suited to community action that could contribute to the attainment of national poverty reduction targets. Out of the 8 MDGs, 18 targets, and 48 indicators, a total of 12 indicators were identified. Half-way through the 3-year phase I of a 12-year Adaptable Program Loan, the number of sub-projects funded by MASAF 3 were classified by the indicator their completion will contribute to (table 11).

Table 11. MASAF 3-funded sub-projects classified by MDG indicator targets, March 2005

MDG	***Indicator*** *(numbering from the list of 48 indicators)*	***National targets***			***MASAF Sub-projects***		
		Baseline	*By 2007*	*By 2015*	*Number*	*Beneficiaries*	
						Primary	*Secondary*
1	(1) Poor households receiving daily transfer or assistance of US$0.30 or more.	55%	50%	28%	555		
	(4) Under-fives malnutrition (%) using weight for age method.	30%	33%	15%	40		
2	(7) Grade 1 children (%) reaching grade 5.	20%	36%	100%	335		
3	(9) Girls in primary schools as % of total.	48%	48.4 %	50%	7		
5	(17) Births attended to by at least a trained traditional birth attendant.	55.6%	61%	73%	4		
6	(18) Chronically ill reached with home based care;	N/A			0		
	(20) Orphans given training and tools for production;	N/A.			62		
	(22) Households in an anti-malaria program.	N/A			0		
7	(25) Forest cover for non-agricultural land (%);	27.6%			53		
	(29) Households with improved water source.	37%	47%	69%	168		

	(30) Households with sanplats for sanitation;	77%	81%	89%	0		
8	(46) Households participating in functioning Drug Revolving Funds (stocked with a specified minimum list of drugs).	N/A			29		
				TOTAL	1246		

Source: Internal MASAF report, March 2005.

The next step in this tracking of sub-projects against MDG indicator targets is to assess the number of beneficiaries in terms of primary (those directly affected like school children) and secondary (those indirectly affected like community using a road). These numbers will be used to assess the extent to which MASAF 3-funded sub-projects will have contributed to the attainment of a given MDG (for instance number of malnourished children reached by MASAF compared to the total number of children getting out of this condition in a given period). In the Southern region of Malawi, this classification of funded sub-projects by MGD indicator targets has for instance led planners in the LA to explore reasons for the low number of sub-projects against some of the MDG indicator targets – for instance to address issues associated with poor sanitation, anti-malaria programs, safe child deliveries, and others. This information is contributing to discussions at the LA level and during community facilitation sessions, and has informed the kind of development communication embarked upon by MASAF.

This kind of work is what gave rise to the idea of a Knowledge and Information Sharing System (KISS) so that information collected by a SAF is used to (a) improve internal efficiencies in the way the SAF is managed, (b) empower other actors to better support communities when managing their sub-projects, and (c) report on progress towards the attainment of improved development outcomes. This approach influenced the design of a management unit for MASAF 3 so that a Monitoring and Learning unit was set up to harness information for increased internal efficiencies, while a Research and Training unit was set up to more effectively link the SAF with various stakeholders with an interest in community empowerment, decentralization, and the attainment of MDGs in line with the goals of MPRSP. In TASAF II, the approach of a knowledge organization has led to a smaller management unit that relies on information dissemination to foster accountability by empowering LA-based staff to check on the integrity of systems set up under the SAF.

The SAF acts at the level of individuals, households, and communities so that their actions produce outputs that whose outcomes are readily measured. It is in their contribution to higher outcomes (development) that is more difficult to measure and must be assessed in the broader development framework pursued in a country. For SAFs, this framework is defined by national poverty reductions strategies (in PRSPs) and in the CDD approach promoted by the Bank its work with clients. In the context of development outcomes, the CDD approach identifies the key variables that can help explain the likelihood of a project to contribute to the attainment of national development outcomes; allowing a pooling together of several actors around the issue of ‘bottom-up’ planning and implementation. In making contributions to the LA-Community interface, SAFs have highlighted the kind of challenges faced in (a) participatory planning processes used by LAs, (b) how central government policy guidelines are being interpreted at the community and LA levels, (c) coordination of many actors in a multi-sectoral operation such as SAF, and (d) transparency in the way fiduciary (procurement and financial) instruments are used by LAs and communities. SAFs pose a particular challenge to the way a CDD approach can be operationalized on a national scale, and experiences discussed in this and the next section provide some insights into how this challenge can be met.

3. CHALLENGE OF THE *CDD* APPROACH

3.1 National policy strategies

The SAF contributes to the attainment of national development goals by seeking to align its operations with national policy frameworks as defined in the Poverty Reduction Strategy Papers (PRSPs), Decentralization Policies, and budget management through the MTEF. In Malawi, Government has recognized that “decentralization is a long-term process…[and] the implementation process will cover a period of ten years divided into crash, medium and long term programme”.[25] In Tanzania, there is a recognition that in spite of many years of promoting decentralization, delivery is frustrated by the slow and halting delegation of power and authority to lower levels. Similarly for Uganda, there is a recognition that without empowerment, poverty levels will continue to rise in the Northern region where conflict has been going on for several decades. It is in this context that the experience of SAF is explored in order to identify what it contributes to the long-term development framework of local accountability within a decentralized system of government. SAFs have approached the challenge of decentralization by clearly articulating the roles of central, district, and local actors in service delivery. The SAF focuses on community empowerment as articulated in relationships between communities and their representative bodies at the district level (table 12), but only addresses limited concerns in the alignment of Districts with Central Government, leaving most of the work to an alternative Local Government reform instrument (which can come before, after, or even be integrated with a SAF). As MASAF is the oldest among the three SAFs, this section will draw heavily from the experience of Malawi to demonstrate some of the challenges, although information from the other two will be provided whenever possible. In all three SAFs, communities get technical support from the LA, who in turn get capacity building inputs and technical backstopping from national agencies.

Table 12. MASAF and Decentralization

Level	**Responsibilities**	**Actors**
National	- Policy - Coverage guidelines - Norms and standards. - Criteria on resource allocation	- Ministries - MPs - Sector ministry staff
District (LA and DEC)	LOCAL GOVERNMENT ACT, 1998	
	- Allocate resources - Advocacy - Mobilization. - Monitoring - Accountability	a.- LAs (Elected Councilors, and Staff).
Community	- Articulation of needs. - Prioritization of needs. - Participation in preparation, appraisal, and implementation of sub-projects - Accountability	- Chiefs/ Traditional Leaders - Councilors - PMCs

[25] Government of Malawi (2000) *Decentralization process in Malawi*, Department of District and Local Government Administration, OPC, Lilongwe.

If the achievement of a Country Assistance Strategy (CAS) goals are set in the context of the CDD approach, the implication is that a decentralization framework exists to guide the improved delivery of services. It is also accepted that a CAS should be derived from the PRSP where such a strategy has been formulated. Finally, the implementation of a PRSP is often through an MTEF which overcomes the unpredictability of resource availability associated with annual budgeting cycles. Thus, in approaching the design of MASAF 3, the team needed to understand the relationship between the Malawi PRSP, CAS, MTEF, and the CDD approach. The team asked two basic questions: (a) to what extent were MASAF I and II able to lay a foundation for responding to the MPRSP? and (b) what are the implications of putting the CDD approach at the heart of MASAF 3?

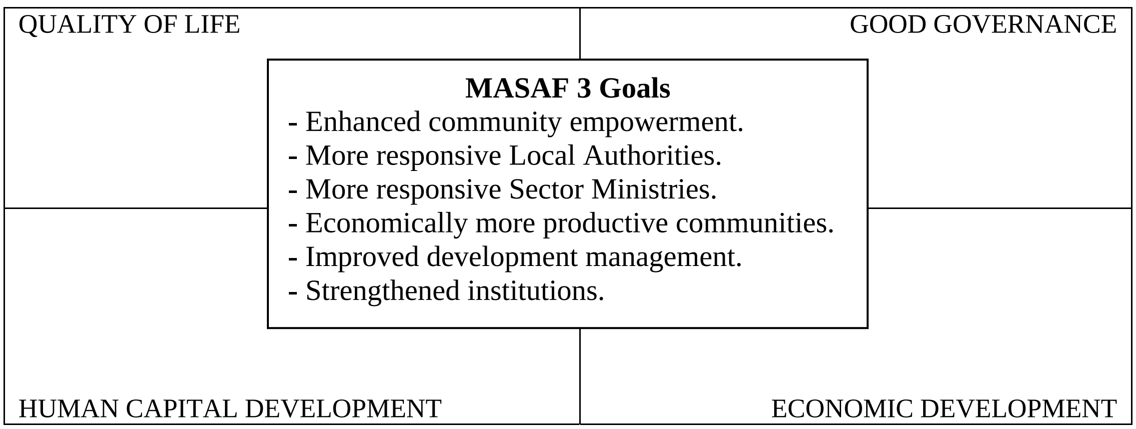
The MPRSP has four broad goals (promoting pro-poor growth, supporting human capital development, improving the quality of life for the poorest, and improving governance), supported by the cross-cutting themes of technology, gender, environmental concerns, and tackling HIV/AIDS. As communities operate in a multi-sectoral framework, their demands which have been funded by MASAF have cut across these MPRSP goals and themes during the seven years the project has been under implementation. A review of MASAF I and II indicated that community interventions funded during the period 1995-2002 had contributed predominantly to the pillar seeking to improve the quality of life especially for the vulnerable and poor (table 13). These projects also made significant contributions to the pillars of promoting better governance by empowering communities, human capital development by improving public sector infrastructure, and economic growth by transferring cash into the rural economy. Thus, the first question was answered.

Table 13. Overall MASAF I and II performance in the context of MPRSP pillars

Quality of life pillar:- (a) MASAF I led to improved access to:- - water - health - education - roads/markets - community halls. (b) MASAF II added:- - Sponsored Sub-Project interventions for vulnerable groups.	**Governance pillar**:- (a) MASAF I contributed through:- - IEC - Election of PMCs - DEC accountability - Traditional Authority accountability. b) MASAF II added:- - Orientation of District Assemblies. - Networking with development partners.
Human Capital Development pillar:- (a) MASAF I trained:- - Project Management Committees - District Executive Committees - Extension staff. (b) MASAF II also:- - Transferred resources to CSOs, CBOs, NGOs, and the private sector. - Trained contractors, Traditional Leaders, MPs, and others.	**Pro-Poor Growth pillar**:- (a) MASAF I contributed through:- - Cash transfers. - Direct community contracting. - IGAs started by persons benefiting from PWP and CSP. (b) MASAF II expanded by directly supporting IGAs for vulnerable groups.

In responding to the demands of decentralized service delivery, the CDD approach has put forward five features[26] which can be used to assess the extent to which an intervention contributes to decentralization. The three SAFs have tested how SAF principles fit within the CDD approach and the implications for decentralization at the operational level. The main thrust of this linkage between SAFs and the CDD approach tackles the space between Communities and LAs, where decentralization addresses issues of governance, transparency and accountability. An analysis of MASAF 3 design suggested that the new SAF would more effectively foster a CDD approach in Malawi. It would continue to build on successes in community empowerment by promoting the granting of legal status to PMCs and CBOs under the Local Government Act through the passing of Council bye-laws recognizing these community structures. Furthermore, Community Score Cards and Statistics Days would be institutionalized as sources of information for LAs when monitoring the performance of services (health, education, food distribution, etc.). In further contributing to the MPRP pillars (figure 7), the new SAF would improve the alignment between communities, LAs, and central ministries by putting resources into the implementation of community service packages (table 14).

Figure 7. MASAF 3 in the context of MPRSP pillars



The practice of only funding infrastructure under SAFs was assessed as inadequate in responding to the needs of human capital development. Consultations with various sector experts led to the formulation of service packages (table 14) based on community capacities and their ability to help Malawi achieve its national development targets articulated under the Millennium Development Goals.[27] The service packages and processes outlined for their implementation through SAF provides Malawi with an opportunity to implement the MPRSP, CAS and MTEF through a CDD approach.

[26]Empowering communities, empowering Local Governments, re-aligning with the center, improving accountability, and building capacities.

[27] The December 2003 a World Bank *Findings* **No. 233** by N.M. Lenneiye explored how MASAF 3 responded to the challenge of MDGs; work which benefited greatly from the MASAF 3 design team.

Table 14. Summary of Community Service Packages under MASAF 3

Service Package	*SAF to finance:*
Health	Training of Medical Assistants, Enrolled Nurse Midwives, Traditional Birth Attendants (TBAs) and Senior/Health Surveillance Assistants; Drug Revolving Funds; anti-malaria preventive programs; Family Planning services; and the rehabilitation, construction, and maintenance of dispensaries/health centers. Communities will be able to put undertake activities which match their health needs within the specified budget ceilings
Education	Rehabilitation and maintenance of new educational facilities (classrooms, water points, and toilets) to improve learning environments; and new teachers' houses to attract qualified teachers. School committees will be given skills to monitor school enrolments, pass rates, staffing norms, teacher absenteeism, availability of learning materials, and invigilation.
Water and sanitation	Water points rehabilitation, construction, and maintenance (wells, boreholes, piped schemes, earth dams, valley dams, water kiosks, etc.). The first service level for water access will be provision of safe water within 0.5 km of a household; the second level being the volume of water available per person. In sanitation, the goal will be to increase access by providing each household with resources to make a *Sanplat* for safe waste disposal.
Communication and transportation	Community post offices, roads, bridges and foot paths. Communities will get the extra benefit of improved natural resources management from sub-projects funded to address soil conservation and water management. The employment of able-bodied poor in public works programs while constructing public assets will be an important cash transfer mechanism, which links this service package with the next.
Food security	Target grants to households with vulnerable persons (orphans, the disabled, chronically ill, elderly, and under-five malnourished children) to finance sub-projects which lead to increased household incomes. Community composting and crop diversification, woodlots, savings groups and crop production and marketing structures funded under this package will also improve household food security to supplement earnings from the public works program.

Within the CDD approach, sectors will continue to work with LAs to implement those activities which require inputs beyond the capacities of communities. In this context, the CDD approach will better align contributions from communities, LAs, and sector ministries for the attainment of MDGs and other development goals in the country.

The CSPC remains the instrument of choice for spelling out operational responsibilities for the critical development partnership of communities and both central and local governments (table 15). While SAFs are poor instruments for addressing decentralization issues between the center and districts, there are some critical issues (like norms and standards from the center) which have to be addressed. Under MASAF 3, activities undertaken during each stage of the CSPC has been matched with the five features of the CDD approach to produce table 15. Experience from other sectors (e.g. health) suggests that an approach (such as the Primary Health Care approach) is a tool for assessing the extent to which a given operation is able to assist in the attainment of goals articulated in the approach. In the same way, the processes of implementing the SAF (in this case the CSPC) has been analyzed to demonstrate how an operation like MASAF 3 can be said to be adopting the CDD approach.

As argued earlier, the success of a CDD approach in SAFs is the complete integration of the CSPC into district-level planning processes so that communities and their structures are equal partners with LA structures in the planning and implementation of district development plans. Without such an integration, it is difficult to foster the kind of mutual accountability that is needed between citizens and their development institutions necessary to make self-standing projects unnecessary. The CSPC provides clear guidelines on the roles of various actors so that all of them are accountable to each other for the delivery of services (table 15). Although much has been achieved through SAFs, there are a number of outstanding challenges that need to be addressed so that these instruments can be folded up in favor of LAs. These challenges should provide a framework for further discussion on what role SAFs can play in the implementation of PRSPs, MTEFs, and Decentralization.

Table 15. SAF community sub-project cycle within the CDD approach

SAF/CDD	Empower communities	Empower LAs	Re-align centre	Accountability	Capacity building
Pre sub-project cycle	Raise awareness; Set priorities; Direct financing; Receive reports from LAs.	Pre-allocate funds; Do O-PRAs, Set delivery benchmarks; Set service coverage criteria.	Norms and standards; Community activities; MTEF/PSIPs; PRSP/NDPs.	Disseminate criteria; Inform LAs and MPs of criteria; LAs to report back to communities.	Train in O-PRAs; Budgeting. Mobilize CBOs, NGOs, and CSOs.
Sub-Project identification	Public meetings. Confirmation of needs. Make contributions. 70% attendance.	Integrate into District plan. Identify needy areas.	Do E-PRAs. Develop poverty-targeting criteria.	Supervise PMC elections. Inform local leaders of funding criteria.	Train in E-PRAs. Train PMCs.
Desk appraisal	Explain its importance to communities.	Use technical criteria. Use service coverage criteria.	Recurrent expenditure. Analyze coverage.	Councilors inform PMC of results.	Integrate into development plan management.
Field appraisal	Commitment to make contributions.	Systematic audit of community resources.	Use community service packages.	Councilors and MPs to visit communities.	Train Councilors and MPs.
Approval	Receive official feedback from District Council on processes.	Work with budget ceilings. Meet delivery benchmarks.	Review large sub-projects. Introduce new technical approaches. Update M&E.	Sign financial agreement between Districts communities.	Refine and introduce roles of NGOs, CBOs, and CSOs.
Launch	Organize and attend.	Facilitate and attend.	Sub-project within norms.	Extension staff explain again.	Re-orient PMCs.
Implementation	Manage procurement and funds. Institutionalize regular reporting.	Provide supervision resources. Use experts. Review progress of development plan.	Get summary reports. Confirm recurrent funding.	Publicize LA progress. Implement supervision record books.	Improve technical standards. Train in gender, and environment.
Completion and	Review O&M.	Involve	Up-date on	Publicize	Sensitize on

inauguration	Discuss post-SPC activities. Solicit ideas for future actions.	councilors. Get community feedback. Report progress to communities.	norms and service coverage.	reports from communities, councilors and MPs.	impacts and service use rates.
Post sub-project cycle	Follow up on PMC members. Assess O&M	Evaluate impact. Revise District Plan.	Evaluate impact of interventions.	Implement defined roles of all actors.	Provide support for continued O&M processes.

3.2 Capacity enhancement approach

The SAF approach to capacity building has been to focus on *"building on what works*", and this has seen the SAF unleash capacities found among those who struggle to develop themselves on a daily basis. This process of capacity enhancement is based on the understanding that capacity is "the ability of people, institutions, and societies to set and achieve objectives, and solve problems."[28] The relationship between actors (individuals, institutions, and society) and results (setting objectives, achieving them, and solving problems) is characterized by nine variables (figure 8).

Figure 8. *Simba* Approach to Capacity Enhancement framework[29]

Results / *Actors*	*Set Objectives*	*Achieve Objectives*	*Solve Problems*
Individual	Representation	Empowerment	Knowledge/Information
Institution	Leadership & Management	Mandate & Resources	Accountability
Society	Consensus	Political Will	Know-how & technology

In applying this framework to the three SAFs in Malawi, Tanzania, and Uganda, a Rapid Results Initiative (RRI) was adopted in Malawi to set targets for training all Community Water Point Operations and Maintenance Committees, in Tanzania to set targets of mobilizing 90 community groups in four rural districts to undertake activities aimed at helping those affected by HIV/AIDS, and in Uganda to mobilize at least 600 communities to develop fundable sub-projects – within 100 days.[30]

In MASAF, a target of 98% was reached and practically all water points constructed by communities through MASAF had an operational community water point committee by the end of the RRI. In TASAF, a total of 64 communities were mobilized before available funds ran out – which underlined the inadequate capacities of individuals to set realistic objectives given available resources. In Uganda, close to 800 sub-projects were identified by communities for funding.

[28] This definition of capacity building is based on work done by the United Nations Development Program, the Operations Evaluation Department OED of the World Bank, the World Bank Institute, and others – see Michael Sarris *(n.d.)* "Towards a more strategic approach to capacity building in Africa", Concept Note, World Bank Institute.

[29] *Simba* (Swahili for lion) was the name selected by a group of eighteen World Bank staff who tackled this subject of "how the [Bank] can scale up on capacity building" in Africa. Members of the team that worked on the *Simba* approach were Amadou Oury Diallo, Benno Ndulu, Charles Annor-Frempong, Fook Chuan Eng, Guillermo R. Almada, Jean J. Delion, Jean-Noel Guillossou, Lucy Fye, Marcelo Andrade, Mercy Miyang Tembon, Nginya Mungai Lenneiye, Nyambura Githagui, Paul Kriss, Prasad C. Mohan, R. Sudharshan Canagarajah, Solomon Samen, Tonia Marek, and William Saint

[30] This work was led by Charles Mandala and Christine Kamwendo in Malawi, and L. Salema in Tanzania, and Fred Opio, Suleiman Namara and Timothy Lubanga in Uganda.

From this experience, it was concluded that:-

- It is not always the case that there is a lack of capabilities, qualifications, and experience in communities and local institutions working with resources from a SAF;
- There is some capacity in these countries, hence the approach should be one of ‘unleashing’ rather than ‘building’ capacities;
- In those instances where capacity has been demonstrated to be present, it has not been well documented to facilitate the process of ‘learning by doing’ for other communities;
- Appreciating local knowledge and strengths, as well as stimulating local ownership of problems and solutions, are particularly important features of capacity enhancement; and
- Through a combination of better pay, accountable leadership, clear mandates, and focus, Project Management Units (PMUs) have in these SAFs become high performers; but it has proved difficult to translate this increased institutional capacity from PMUs into the mainstream civil service.

The idea of building on what works as an Approach to Capacity Enhancement (ACE) is structured around the execution of tasks by individuals in an organization geared to solving society problems. Its main features are **rapidity** in action, **adaptability** of strategies, demonstration of **competences**, **efficiency** in the use of resources, and a clear focus on **results**. The idea of a RACER[31] *Simba* mindset in capacity enhancement is guided by the needs of individuals, institutions, and society, with the understanding that:-

- An **individual** must be represented when objectives are set, empowered to participate in implementation, and have access to the necessary knowledge to solve problems;
- An **institution** must have the right management and leadership to set appropriate objectives, the resources and mandate to execute tasks, and be accountable for what it does; and
- A **society** needs consensus to allow for clear objective-setting, the political will to decide on competing priorities, and the necessary technology to make solutions feasible.

In these three countries, SAFs have demonstrated that communities can utilize their social capital to build consensus for setting objectives and priorities, and are able to use existing technologies and know-how to solve some pressing problems; but the lack of performing institutions (especially at the Local Government level) has undermined the long-term sustainability of community solutions to problems. In this respect, a major unknown is why it has been so difficult to transform individual capacities into institutional capacities.

3.3 Seven challenges for the CDD approach in SAFs

The SAF is an operation with a CDD approach, whose main focus is on empowering communities. Discussed below is a total of seven challenges associated with the CDD approach adopted by the SAFs.

1. Direct Financing

In a decentralized system, under what circumstances can direct community financing be maintained? If there is a desire to build a stronger civil society, should NGOs/CBOs receive their funds directly from the SAF or via the Local Authority? In many developed counties, social welfare cash transfers are made directly to poor families in the context of providing a safety net. Can direct funding for communities, NGOs, and CBOs through the LAs be considered legitimate safety nets provisions for poor individuals, households, and communities? The lesson from SAFs is that community empowerment provides an important entry point for individuals, households and communities to

[31] Takes into account **R**apidity, **A**daptability, **C**ompetency, **E**fficiency, and focus on **R**esults when stimulating existing capacity and building on it.

undertake activities that contribute to social capital – which is at the heart of managing social risks. *Empowering communities* is a key feature of the CDD approach and SAFs have already laid the foundation.

2. Capacity building

While many LAs will require time to build increased capacity to deliver community services, how best can this be combined with a steady shifting of responsibilities from the SAF to the District? Many of the services that communities are providing using resources made available by the SAF are often covered by LGAs in schedules of services which are legally expected to be provided by LAs. Experience from the SAF has many lessons. For one, capacity building is about letting individuals, institutions, and society learn by doing. A small well-paid unit made up of former civil servants has come together under the SAFs and developed performance management tools (e.g. personnel appraisal system related to outputs and remuneration) that clearly show the direction for public sector reform. Local Government Acts in the three countries discussed in this paper provide a framework which can allow each LA to set salaries and conditions of service very similar to those of a SAF Management Unit as long as these are tied to performance and delivery. In terms of *capacity building* under the CDD approach, is there scope for lessons from SAF to be adapted in the public sector reform of LAs (e.g. employing staff on the basis of work-load rather than centrally-defined staffing levels, and then giving this smaller team of experts better conditions of service); and maybe later for central ministries? The use of sector norms and standards has at least opened the door for developing performance measures which sector ministries can use to define requirements for technical expertise needed to implement the PRSP and decentralized service delivery as the foundation for reforming the public sector at the national level.

3. Community leadership

How can community leadership fostered by the SAF be strengthened for other projects and development interventions beyond the SAF? The issue of capacity building goes beyond training to cover the broad issue of service delivery (as individuals, institutions, and society acquire the ability to set and attain objectives so that they can solve real problems). Capacity building initiatives under SAFs have been most successful at the community level; the challenge is whether the lessons learnt can be applied to LA and central government levels. The relationship between capacity building, resources, and management procedures within the sub-project cycle is critical to the success of community empowerment:

> “the periphery needs a sharpening stone so that they can keep the knife's cutting edge sufficiently sharp all the time to enjoy a good cut and timely distribution of the slices. (Skills or technologies and a good political/governance structure are prerequisite to empowerment. I mean viable technologies that are already in the public domain including indigenous technologies and suitable socio-economic environment).[32]

4. Tools for stronger local government

Besides the use of community-driven development approaches, what other tools can be made available to LAs so that they can maintain the non-partisan practice promoted by the SAF? There are community members who bother to vote and others who do not take much interest in politics, but they all expect services from the elected bodies. In those LAs where several political parties are represented, it is important to ensure that the allocation of projects is fair. The SAF has been able to achieve a reputation of being non-partisan in Malawi and Tanzania, but it remains a major challenge

[32] Personal communication from L. Salema, Director of Systems and Capacity Building in TASAF, October 17, 2003.

for councilors who need to deliver to those who elected them (along political party lines) while promoting the politics of inclusion. Under the CDD approach, *transparency* is the third key feature and lessons from the SAF confirm that community, LA, and national level institutions can be encouraged to adopt transparent working methods if information on all aspects of resources and processes are made public in a manner that makes them available to all. Institutionalizing regular publication and dissemination of performance measures by LAs and Central Government would appear to be the key to implementing this feature of the CDD approach. Furthermore, providing capacity building on demand (by LAs, CBOs, NGOs, and PMCs) can remove suspicions that only those associated with a ruling political party get the benefit, and this has been achieved by linking training funds to the implementation of sub-project activities.

5. Traditional leadership and accountability
With the increased participation of elected councilors and Members of Parliament in support of the work of PMCs, how best can the relationship between chiefs, councilors, and MPs be managed at the PMC level? Once the Councilor is elected in all three countries, power can be exercised in at least three forums:- (a) as an individual during public meetings, (b) as a member of the LA Standing Committees, and (c) in the full LA meetings. As an elected representative, the councilor is expected to work with other community leaders, especially the chiefs and local political party leadership. It is quite common to experience a healthy tension between elected councilors and inherited traditional chiefs within the community. The SAF has so far successfully supported community projects where the Chiefs work with Project Management Committees, but successful decentralization will require a careful management of these tensions.

6. Decentralization and innovation
How can the experience of SAFs be systematically documented so that it is available to LAs when they formulate new by-laws and various regulations governing developments within the district? Communities have demonstrated an ability to manage their own affairs as long as there is a partnership with NGOs, CBOs and Government. Some of the practices developed during the implementation of SAFs can be institutionalized into local government processes as part of making the SAF structure irrelevant. A careful use of Local Government Acts so that they support by-laws emanating from the needs of communities and their traditional authorities, as long as they are in response to service demands, can be another way of managing this tension institutionally as every leader can point to the popular support of such by-laws – which in the end will institutionalize the CDD approach into LAs.

7. Technical backstopping and decentralization
What measures can LAs put in place to ensure that communities can receive technical expertise from national-level agencies even when the pace of decentralizing lags behind community commitments? Community projects funded under the SAF have relied on district-level experts from line ministries. With decentralization and the transfer of more functions from line ministries to LAs, discontinuities are likely to occur as LAs build up their capacities. It is conceivable that the Ministry of Finance could promote output-based development so that resources transferred to LAs are in line with agreed outputs as the LAs build the capacity needed for the various departments to operate smoothly and in an integrated manner. It is the potential of SAFs to become a mechanism to channel grants from the Ministry of Finance to LAs on 'condition that they are used to finance community-demanded investments' that holds most promise for successful decentralization. The SAF has the potential to provide a single LA Community Development Fund with a set of common rules for use by a number of agencies with resources for communities and LA development. Within the CDD approach, this will both achieve an *alignment of LAs with the center*, but also provide mechanisms for ensuring that

resources from Central Government (including contributions from various development partners working through the Ministry of Finance) can be accounted for in terms of (a) use as demanded by financial audits, (b) results in terms of outputs, and (c) impact in terms of service levels achieved. This seems to be the key to making the CDD approach an integral part of implementing the PRSP, MTEF, and Decentralization so that the results are felt at national, LA, and community levels.

These seven challenges provide the team with a framework for approaching the next SAF design when more progress can be made in the integration of SAFs into LA operations and contribute to deeper decentralization while enhancing a democratic process for sustainable development. Integration of SAFs into decentralized development should not mean the bundling of the knife and the yam back into the hands of the LA (or handing them both over to the community), but should lead to a better and clearer distribution of power, responsibility, and accountability over resources and decision-making. By building social capital and giving communities the space and the means to utilize that space optimally, the SAF creates opportunities for communities, LAs and Central Government to work together in the implementation of PRSP and achieve development goals articulated in various strategy documents such as the PRSP and MDGs. It is in this context that the next section explores the role of SAFs as mechanisms for allowing the poor to transist from beneficiaries of charity to actors in the market.

Mainstreaming the CDD approach through a National Village Fund in Tanzania

The National Village Fund (NVF) is being set up as the main instrument under the second Tanzania Social Action Fund (TASAF II) to respond to community requests for investments that will assist specified beneficiary groups (poor communities and households, as well as vulnerable individuals) to take advantage of opportunities that can lead to improved livelihoods. Experiences from TASAF I indicated that approaching this via components (such as Community Development Initiatives, Public Works Programs, Social Support Projects, etc.) seems to drive subproject requests in line with what communities perceive can be funded, rather than what is actually of high priority. Rather than designing components under which subprojects can be fitted, the emphasis of the NVF is on having no components, but rather a fund with specific access/approval criteria that can be used to finance community requests as long as a subproject request:-

(a) Assists a community contribute to Tanzania's Poverty Reduction Strategy (PRS) goals of:
- Reducing the number of people living on less than $1 dollar a day;
- Achieving universal primary education;
- Attaining gender equality in primary and secondary schools;
- Increasing the number of people with access to improved water sources;
- Reducing under-five mortality;
- Reducing maternal mortality; and
- Halting and reversing the spread of HIV/AIDS.

(b) Can be shown to have been:
- The result of a verifiable and systematic extended-participatory rural appraisal (E-PRA) process;
- Done by the commuity with a mandatory minimum community contribution; and
- Done within approved sector norms and standards.

Any activity that (a) fits within these parameters, (b) is under the US$30,000 NVF contribution per sub-project, and (c) has been approved by the appropriate authority can be funded. LA staff involved in the facilitation as well as desk and field appraisal will verify that community sub-project requests have followed the sector guidelines as they relate to issues of safeguards (environment and resettlement) and occupational health. Funds disbursed from the NVF will go into a *Mfuko wa Kijiji/Shehia/Mtaa* (MWK) thereby mainstreaming the community-driven development approach into Tanzania's PRS.

The NVF has made provision for ear-marked funds which can be used to meet the needs of special groups (e.g. vulnerable individuals, food insecure households with able-bodied adults, communities wishing to manage their natural resources better, such as forests or coastal/marine resources, persons affected by HIV/AIDS, etc.) by creating "windows" where resources can be accessed on a demand-driven basis. This means that special facilitation will be required so that communities that have these specific needs can access these "ring-fenced" resources which must be exhausted before requests from these groups can be funded from the main NVF budget.

In responding to the CDD approach, the three SAFs have focused on the single feature of empowering communities; with the other four features playing a secondary role of ensuring that community empowerment takes place within the local and national contexts. This community empowerment has been through the use, stimulation and creation of social capital: which is preparing the poor to better participate in the market as providers of labour, goods, and services. This seems to be the springboard for a higher level of community empowerment beyond the SAFs. Other features of the CDD approach deal with the role of central and local governments in the delivery of services, and the SAF has had to tackle these issues in order to ensure that community actions remain an integral part of national development. The experiences of SAFs in Malawi, Tanzania, and Uganda are being harnessed to inform Local Government reforms (in participatory planning, district-level financial disbursement systems, accountability mechanisms, etc.) and this process is evolving into some kind of Local Government Service Delivery Funds that go beyond SAFs and their focus on community empowerment. Linking decentralization with national poverty reduction strategies and community actions are persistent challenges, but the use of evaluations in SAFs could start providing the strands that allow this linkage.

3.4 Approach to SAF evaluations

The very design of SAFs poses two particular challenges to those designing a monitoring and evaluation system: (a) its demand-driven nature makes it impossible to specify what sectoral outputs it will fund until communities have put forward their requests, and (b) the multi-sectoral nature of community requests makes it difficult for the designers to provide a 'clean' evaluation with linear relationships between inputs, outputs, and outcomes.

Even with many years of experience with SAFs, evaluations remain a major challenge, especially when trying to match outputs with outcomes; to demonstrate in a quantifiable way that the presence of a SAF makes the reported difference in services.[33] Beneficiary assessments have been the main forms of evaluations for SAFs, but they are perceived as being 'short on rigour' as they often have no baseline data and rely mainly on qualitative information gathered through interviews and focus group discussions. In addition to beneficiary assessments, three types of SAFs evaluations are emerging:-

1. A systems evaluation to assess the quality of processes followed and the national socio-economic context (one was done for MASAF I) and complements the beneficiary assessments.[34]
2. Impact evaluations comparing outcomes communities that got support with those that did not get any support (one is under way for TASAF I and will provide baseline data for TASAF II). This is the closest we have so far got to a counterfactual, but it is different communities and therefore other variables could explain the changes.[35]
3. Review of SAF interventions in terms of what drives sub-project choices, and how these fit into the long-term impact on poverty within the national poverty reduction strategies (currently planned for all three SAFs).

The Social Risk Management (SRM) framework is being used for the third type of evaluation; with a special focus on targeting and transfer mechanisms adopted by the SAFs in order to justify the integration of Social Protection as a cross-cutting issue in national poverty reduction strategies. Currently under SAF, communities are 'need-defined' and instead of direct transfers to vulnerable individuals and households, the benefits are group mediated in order to manage the potentially high administrative costs associated with targeting.[36] The pressure on SAFs is to demonstrate that they can get assistance to vulnerable individuals and households using resources available to support the implementation of national poverty reduction strategies. SAFs have currently used community targeting and self-targeting in order to keep administrative costs low and minimize leakages. With the challenge of poverty reduction strategies and the need to demonstrate that SAFs can assist communities contribute to the national effort of achieving MDGs, SAFs are being pushed to consider other targeting methods (especially proxy means and categorical testing). In the three SAFs, categorical testing has been applied to the category of orphans and chronically ill communities as long as the delivery of assistance is group-mediated. Households with malnourished children and those whose children drop out of school are being considered as beneficiaries that can be reached

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[33] It has been difficult to compare the results of a SAF intervention with those of a counterfactual – what the situation would have been without the intervention.

[34] See Bloom, G. et. al. (2005) *Poverty reduction during democratic transition : the Malawi Social Action Fund 1996-2001*, IDS Research Report 56, Sussex, England, UK for one way of making this kind of assessment.

[35] This study is considering the use of randomization, if the political risks of keeping funds away from 'control communities' can be managed.

[36] This approach seeks to minimize errors of inclusion in environments of weak administrative capacities.

with conditional cash transfers (the condition being that the orphaned child stays in school and the malnourished child shows improvements in nutrition status).[37]

SRM framework for assessing SAF-funded interventions

RISK	Idiosyncratic				Covariate	
STRATEGY	Prevention		Mitigation		Coping	
RESPONSE	Public		Market		Informal	
ACTORS	Individual	Household	Community	NGO	Government	Dev. Partner
RESULTS						

The SRM framework provides an important approach to understanding how a particular intervention in a SAF is able to respond to a particular shock, remain relevant to both the economic growth and human survival strategies, and produce results that are measurable. The three SAFs discussed in this paper were subjected to an SRM framework by asking "what shock a particular intervention was responding to' and then assessing its intended results. PWP, SSP, Targeted Inputs Programs, and many others were subjected to this assessment in workshops held in Tanzania and Malawi. The results are preliminary (figure 9), but point to the need for ways to operationalize the SRM framework as a tool for evaluating current interventions, and assessing the potential of future operations. Collaboration between the SAF and other operations is pointing towards the need to tackle ex-ante risk reduction and mitigation measures: in Malawi, MASAF is being used to transfer an individual grant of US$1,050 to each poor and land-poor household involved in a land redistribution program in four districts. This grant can be used to purchase land and secure investments to make the land productive. In Tanzania, TASAF is being used to channel resources to poor households facilitated to exploit forest and marine-coastal resources for the purpose of increasing incomes. On the island of Zanzibar, TASAF is being used to transfer some resources from the National AIDS response program to individuals organized in groups for the purpose of purchasing drugs for the treatment of AIDS-related conditions. An evaluation of these interventions will add more knowledge to how SAFs fit within the SRM framework, and how the evidence can be used in national poverty reduction strategies.

Figure 9. Results of SRM framework applied to SAFs

<table>
<tr><td colspan="2" rowspan="2"></td><td colspan="2">Type of Risk</td></tr>
<tr><td>Idiosyncratic</td><td>Covariate</td></tr>
<tr><td rowspan="2">SAF Response</td><td>Ex-ante risk reduction or mitigation</td><td>- Construction of schools and health facilities.
- Provision of improved domestic water sources.
- Promotion of a savings culture.
- Provision of seed capital for community Drug Revolving Funds</td><td>- Integration of AIDS-related IEC into the PRAs.
- Construction of community water reservoirs for productive use.
- Support for improved management of natural resources.
- Promotion of income-generation through group efforts.
- Promotion of Community Savings Clubs.</td></tr>
<tr><td>Post-ante risk coping strategies</td><td>- Self-targeting wage under Public Works Programs.</td><td>- Support CBO income generating projects to benefit affected households.
- Support community nutrition gardens for malnourished under-fives.</td></tr>
</table>

In terms of this SRM framework, most SAF interventions have so far been in response to covariate shocks, with a coping strategy through public and informal responses implemented by communities

[37] Personal communication with the Malawi Department for Poverty and Disaster Management, April 2005.

with Government support. The challenge for SAFs is to shift towards addressing idiosyncratic shocks, with a prevention strategy through the market – where the principal actors will be individuals and households.

SAFs and SRM approach to Social Protection

Social protection (SP) can be growth-enhancing if it adopts the Social Risk Management (SRM) Framework: "a new conceptual framework that views social protection as *a set of public measures that support society's poorest and most vulnerable members and help individuals, households and communities better manage risks.* It includes three strategies to deal with risk (prevention, mitigation and coping), three levels of formality of risk management (informal, market-based, and public) and many actors (individuals, households, communities, NGOs, governments at various levels and international organizations) against the background of asymmetric information and different types of risks. This view of social protection emphasizes the double role of risk management instruments – protecting basic livelihood as well as promoting risk taking. It focuses specifically on the poor since they are the most vulnerable to risk and typically lack appropriate risk management instruments, which constraints them from engaging in riskier but also higher return activities and hence gradually moving out of chronic poverty" – World Bank (2003) *The contribution of Social Protection to the Millennium Development Goals*, Social Protection Advisory Service, Washington, page 2-3; emphasis in original.

In line with other social funds, MASAF 3 and TASAF II try to operationalize some aspects of the SRM approach to SP, recognizing that: "the application of the risk management framework goes well beyond social protection..., but well-designed and cost-effective Social Protection is crucial for the achievement of all MDGs – or phrased differently, that without appropriate social protection mechanisms the MDG targets for 2015 will not be achieved" (*ibid*, p. 3; emphasis in original).

The SRM framework will be used to assess the relevance of current SAF interventions to Social Protection, and to identify ways that the SAF can become a more effective tool for ensuring that SAF as an instrument is based on the philosophy that a Social Protection strategy for Africa "is not about relief or welfare handouts, but rather investments that prevent irreversible development losses by the poor, thereby protecting their future productivity" (Mandavo, C., 2001).[38] An evaluation of the three SAFs using this approach should produce useful information on the future of SAFs in African poverty reduction strategies. In the context of the challenges posed in this section, the future of SAFs as instruments that adopt the CDD approach is subject to many discussions, but there are some indications of what that future might look like.

The CDD approach in this section is treated like a set of development filters used to review the extent to which a particular project (such as a SAF) or intervention (such a PWP) is able to empower and capacitate communities in addressing poverty affecting specific target groups. The ability of individuals (in households and through community groups), institutions, and society as a whole to use SAF resources in order to tackle poverty very much depends on the other filters of the CDD approach. Without the CDD approach features that empower and capacitate local governments, promote accountability and bring together central and local governments around issues of service delivery; it is practically impossible to bring about sustainable community empowerment. These other filters are at the heart of Local Government development and are giving rise to the idea of Local Development Funds to succeed SAFs as instruments for service delivery.[39] The main outstanding challenge for the CDD approach is to articulate the role of markets and how the private sector can be

[38] Foreword to *Dynamic risk management and the poor: developing a social protection strategy for Africa*, Africa Region Human Development Series, World Bank, 2001, Washington DC

[39] Local Development Funds are promoted by a framework defined by issues of empowerment, local governance, local service provision, and private sector growth (see World Bank (2005) "Linking community empowerment, decentralized Governance, and public service provision through a Local Development Framework", March 2005 draft from HD, SD and PSM Networks, Washington DC).

a driver in poverty reduction strategies. It is here that the SAF is opening interesting spaces, and could be the much-desired ‘exit strategy’ for the SAFs themselves.

4. SAFs AND BEYOND

4.1 Emergency response to impacts of structural adjustments

Much has been written on the origins of SAFs, as emergency responses to the negative impacts of economic structural adjustment on the poor in Latin America. MASAF, the first of the three SAFs discussed in this paper, has its origins in the 1994 Social Dimensions Adjustment (SDA).[40] In the Staff Appraisal Report, it was argued that

> "While fiscal and monetary restraints have succeeded in reducing the rate of inflation and stabilizing the exchange rate, the sustainability of the adjustment process and economic growth will depend on continued efforts towards restructuring incentives to: spur growth in output and export, limit vulnerability to external shocks, increase private sector investment, control runaway population growth, develop human resources, and adopt effective strategies to translate economic growth into poverty reduction. Establishment of MASAF, under oversight of the Ministry of Economic Planning and Development, is an important step towards achieving these objectives (SAR, page 2).

Its success in mobilizing communities during the first three years in the provision of social infrastructure led to a second phase, and now moving to a third. In a number of speeches in Tanzania, its president has also discussed this aspect of SAF, pointing out that his support for TASAF was to ensure some delivery to the poorest districts while benefits from economic reforms were being felt in the better-off districts. In Uganda, it was also noted that while economic reforms had brought about a lowering of poverty in the country, the North was the one region with rising levels of poverty and therefore in need of a SAF-type intervention. Thus, these three SAFs have their origin in the need to complement national economic reforms with local development strategies that assist those unable to take advantage of opportunities created by changes in the economy.

4.2 Responding to institutional failures

The sentiment often expressed to the effect that 'SAFs are needed because decentralization has failed' might explain the success of SAF in Malawi. At the time MASAF was designed, there were limited forms of deconcentration, but no elected body to exercise power in the districts. The results of CNAs confirmed to a newly elected government in Malawi that existing institutions had failed the rural population, who considered government agencies unhelpful and at worst obstructionist. Communities still had faith in the traditional authority and this pointed to the need for urgent reforms of the modern state administration. In a poor country like Malawi, the poor had very few opportunities to access social welfare support, and there were major gaps in service availability for the poor, especially in the rural areas. These failures in the delivery of services by state institutions can be said to be the real reason behind the success of MASAF.

[40] World Bank (1996) *Staff Appraisal Report for MASAF*, Report No. 15345-MAI, Human Resources Division, Southern African Dept., World Bank, Washington DC

Elite capture, conflicts and SAFs

A key institutional failure in modern African is the absence of workable mechanisms for conflict resolution. At the most basic level, it can be argued that elite capture is the result of low-level conflict over resources and represents the success of a small group to control available resources. The traditional SAF has dealt with this type of conflict and its outcome by promoting PRAs and using development communication to create a level playing field for communities, their leaders, and government agencies. In their very nature, SAFs try to always manage the potential for conflict over resources by providing very clear rules on targeting, access, and management (captured in the CSPC).

The SAF has been introduced in post-conflict areas as an instrument to assist those coming out of conflict to rebuild their social and economic capital. Those who design the SAF are careful to ensure that the situation on the ground is one of post-conflict; not in-conflict. In Africa where low-level conflicts easily escalate into open warfare, the design of a SAF needs to find mechanisms to exist in the fluid situation. This was the case in Northern Uganda where districts can move in and out of conflict in a matter of months or weeks. NUSAF designers took the view that that the success of SAF will depend on (a) the promotion of community reconciliation and conflict management, (b) providing assistance to vulnerable persons created by the conflict, and (c) making resources available for communities to build social capital through the construction of public infrastructure like schools, clinics, bridges, roads, water reservoirs, food security investments, etc. The design team argued that these three components needed to be maintained, and the absence of one would put the operation at risk. This hypothesis is being tested in a $500 million operation.

The change-over from responding to structural adjustment were noted in the project objectives of MASAF II, which thus shifted:

> "to enhance and sustain the provision and use of resource endowments by beneficiary communities which will contribute to poverty reduction. The project aims to : (a) address the need for socio-economic infrastructure development in rural and urban areas; (b) support safety net programs through creation of temporary employment for the very poor and financing initiatives to assist the most vulnerable groups such orphans, street children, persons with disabilities, the aged and those affected by Acquired Immune Deficiency Syndrome (AIDS); and (c) enhance in-country capacity to identify, prioritize and implement sub-projects by training of stakeholders at national, regional, district, and community level" (MASAF II Project Appraisal Document, page 2).

In Tanzania, there were similar institutional failures, and these led the President of Tanzania to push for a SAF after visiting Malawi and seeing what communities were doing with resources made available through MASAF. Although District Councils in Tanzania had a long history, they too were operating under severe resource constraints and had major weaknesses in capacities needed to deliver services in a country as large as Tanzania. The country had for three decades advocated for self-reliance in villages, but most resources had gone to central and local government without sufficient trickle down to villages. Results of CNAs were very similar to what had been found in Malawi, communities were suspicious of local government employees and had more faith in Village Governments. TASAF was set to change that, and its success in its first year led to the design of a second operation in Education using strategies very similar to those of the SAF; major difference being that instead of PMCs, the Primary Education Development Project (PEDEP) used School Committees to receive per capita grants for the provision of extra classrooms. The SAF had a bit more flexibility than PEDEP as communities could choose classrooms, toilets, teachers houses, water points, and Early Childhood Development Centers depending on need. In this phase, the SAF mobilized private individuals with skills to take advantage of opportunities created in the market by the transfer of resources to communities and local institutions.

In Uganda, SAF had a slightly different history, but the common factor was the failure of institutions to deliver. A Northern Uganda Rehabilitation Project (NURP) had been implemented during the

1990s, but the results of its evaluation were not encouraging. There had been problems of accountability, efficiency in delivery, and doubtful impacts. Poverty trends in the North were not encouraging as the proportion of the poor was on the increase compared to a decline in the rest of the country. The SAF in Northern Uganda was designed in response to institutional failures in promoting community reconciliation, addressing the needs of the vulnerable resulting from many years of war, and to deliver public service infrastructure. The change from SAF being a response to structural adjustment was even more evident in TASAF and NUSAF, whose objectives were

> "To increase and enhance the capacities of community and stakeholders to prioritize, implement and manage sustainable development initiatives and in the process improve socio-economic services and opportunities [TASAF].. thereby contributing to improved livelihoods by placing money in the hands of communities" [added in NUSAF][41]

The intense debate that was generated by the SAF between various stakeholders greatly influenced the extent to which the final approach was integrated into the system of local government in Uganda. Many bilateral development partners argued that SAF resources should be provided as budget support and mainstreamed into a Local Government Project. The Government and Bank design team responded by noting that the LGSP was still a pilot whose results were to be written up, and Northern Uganda was continuing to sink into deeper poverty and conflict in spite of the reported success of budget support and its impact on service delivery in the rest of the country. In responding to these arguments from development partners, the design team produced a project in NUSAF that was the first of the three SAFs to define delivery benchmarks to assist LAs take over the operations of SAFs in line with increasing capacity. These benchmarks were then adapted to TASAF, where the SAF is on course to being better integrated into the way LAs work in Tanzania. In spite of LAs being barely two years old in Malawi, it is in MASAF 3 that the most comprehensive integration of SAF into the workings of LAs has been done. The transition of SAF from emergency response in MASAF to community empowerment in TASAF and NUSAF, and finally to capacity building has been completed in MASAF 3, whose objective is

> "To achieve capacity building for improved service delivery by communities, Local Governments and Sector Ministries within the MPRSP, with decentralization as a key strategy, so that Malawi can achieve its Millennium Development Goals" (PAD, page 25).

In this new operation, there has been a shift towards handing over to LAs management responsibilities related to the achievement of delivery benchmarks while at the same time shifting the use of resources so that there is a better balance between the funding of public infrastructure, supporting cash transfers for the very poor able-bodied adults, and responding to the needs of the vulnerable. The SAF Management Unit has also been re-structured to make it less critical in the implementation of activities, subject to LAs developing the necessary capacities to deliver. Unlike the other two SAFs, MASAF 3 has set aside substantial resources to support capacity building efforts for LAs (unnecessary in Uganda and Tanzania where there are separate operations to strengthen Local Government Reforms within the Ministry of Local Government). Even in Tanzania and Uganda with LG Projects, the SAF has been used to strengthen lower Local Governments in their work with communities to improve services and tackle poverty.

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[41] See PADs for TASAF(1998) and NUSAF (2002).

Flow of funds and technical support

Traditional project design has created Project Management Units (PMUs) inside sector ministries, shifting the power of disbursement of funds (yam) from Treasury in the Ministry of Finance, while the same sector ministry retains responsibilities for technical programming (the knife). When the pressure to disburse more resources grows, the temptation is to under-play constraints and overlook the consequences of poor accountability. The SAF addresses this challenge by leaving technical programming with sector specialists at central and local government levels, while it takes on the 'Treasury' function. Thus, the SAF becomes an instrument for mutual accountability.

In the design of MASAF 3 and the Community Lands Project in Malawi, this mutual accountability has been strengthened by making financial approval a shared responsibility between the SAF and the Ministry of Finance. Under the Community Lands project, resources for capacity building (within the Ministry and in Local Authorities) will be disbursed through the Ministry of Lands, while grants to communities will be disbursed directly to their management committees. This creation of 'windows' within the SAF has been repeated in a number of projects being designed in Tanzania. In line with the strategy to strengthen decentralization, those Districts that demonstrate an ability to receive and account for funds using agreed criteria will take over the disbursement of funds to communities; care being taken that they do not become like traditional PMUs.

Although there was a successful change of strategies in the design of NUSAF, and in TASAF during its mid-term review, to institutionalize the roles of civil society in LA operations, it was in MASAF 3 that this took on a legal form as the registration of CBOs by LAs is a delivery benchmark when it comes to supporting the vulnerable (LAs will give CBOs recognition within the provisions of the LGA). Furthermore, community groups that have construction experience under the PWP in Malawi will in future be given the opportunity to be registered by LAs as community contracting groups so that they can compete for future contracts issued by the Department of Public Works in the LAs. Finally, PMCs in MASAF 3 will have a right to present sub-project progress reports to the LAs in line with provisions of the Local Government Act which recognizes these interest groups. It is this legal integration of PMCs, CBOs, and Community Contracting Groups into the workings of LAs that supports the view that the SAF can only start winding down as LAs take on more responsibilities. National-level advisory groups to monitor progress for LAs as they meet delivery benchmarks have also been set up in Malawi and their work should greatly influence progress in the integration of MASAF 3 into LA operations.

4.3 Whither to SAFs?

Broadly, SAFs currently address two development concerns in society – the need for increased infrastructures, and the need to strengthen governance structures (as a basis for the effective growth of human capital). Here, governance is understood in the wider context of how societies organize themselves to deal with a broad range of concerns. In this context, Local Government is just one form of governance structures, but there are many other forms in the social make-up of communities – however simple they might appear to outsiders.

Finding the right balance between infrastructure development and changes in governance structures is challenging but necessary in terms of charting the future course of SAFs. It is particularly critical that a balance be found so that indicators can be developed to link SAFs with economic development. While it is relatively easy to see the limitations of physical infrastructure in a community, there was in the past a tendency in community project designs to assume that there are equally poor governance structures. One particular consequence of such an assumption is that complex management processes were often be put in place to manage fairly simple community projects, without sufficient attention to what organizational capacity already existed in the community. This is where the successful SAFs have excelled, by using participatory research methods to build on community organizational skills. Recognizing that a lack of physical infrastructure is not synonymous with poverty in the 'world view' (culture, attitudes, organization, etc.) of a community has become a critical step in the design of community projects (and in this case SAFs).

Two particularly critical issues for SAFs are: (a) the constant interplay between governance structures and infrastructure development, and (b) operational considerations of how this interplay can strengthen the implementation of SAFs. This leads to *a broad hypothesis with two elements: (a) that community-driven infrastructure construction is a result of inadequate capacity in Local Government systems to carry out social mobilization); and (b) that SAFs try to access governance systems in an attempt to establish a new relationship between communities and Local Governments*. In addressing the hypothesis, this paper has assessed SAFs using a four-stage framework to explore strategic issues in the development of SAFs as tools to promote empowerment and poverty reduction. These four stages are presented as ideal typologies of how SAFs might change as communities overcome poverty and establish new relationships with external agencies (be they market-driven, local governments, central government, or others.).

Stage 1. Creating awareness and stimulating interest at community level

This is the most difficult stage, overcoming the inertia of poverty – where the poor have given up on the chance to get out of poverty through their own efforts, usually as a result of past experience with agencies outside the community. This is the stage where poor communities are dependent on outside help, primarily through charity given to smoothen consumption. The process of initiating SAFs relies on sociological tools for participatory research into how communities understand their poverty and what *they* are prepared to do about it, albeit with limited external assistance. The use of these sociological tools is an implicit appreciation that there are strong elements within community governance structures which can be tapped in support of SAFs and similar community initiatives in managing, mitigating, and coping with risk.

The shift from 'charity for development' to 'partnership for development' is a major hurdle to development efforts, and requires efforts for often very little visible social movement and change. At this stage, most of the movement takes place at the governance structures level, stimulating people to believe in themselves and to see themselves as important actors in the development process. This is one area of SAFs that has so far received little research and inquiry to see what else it can unlock beyond traditional SAF interest. Current strategies over questions of empowerment talk directly to this aspect of SAFs, but are only starting to develop tools that allow for a programming of these concerns into interventions and long-range programs.[42] The main tools for local accountability have been (a) meetings convened by local leadership for PMCs to report to the whole community, (b) display of expenditure reports in public places, especially at the construction site, and (c) notices at the LA offices showing what sub-projects have been approved and the amount allocated, disbursed, and remaining.

Stage 2. Supporting community infrastructure development

SAFs initially attempt to stimulate economic development by first awakening the spirit of self-reliance among the poor (part of the governance structures). This leads to the initiation of construction projects (infrastructure) in response to felt community needs (water points, roads, schools, clinics, etc.). The stimulation of social capital through the management of SAFs is then expected to bring about limited economic development to a point where the poor can start to graduate to being 'non-poor'. If that happens, emphasis of SAFs should shift radically into concerns over the

[42] Citizens Report Cards (CRCs) are being tried and tested in both Malawi and Tanzania as mechanisms for greater accountability in the framework of fostering community empowerment. The CRCs have also been tried in similar projects in West Africa, India, and elsewhere, and these could emerge as important tools under SAFs.

governance structures in order to sustain the level of economic development attained. The ability of communities to reach this stage of transition often marks the dividing line between failure and success for community development projects. If this stage is not reached, the next two are unlikely to take place as communities might remain highly dependent on charity rather than on their own skills and resources for economic development.

At this stage, the kind of projects supported by SAFs are meant to address the health needs of individual household and community members, and to give the community some capacity to interface with actors beyond the household and village environment. The kind of projects supported are:-

> *Water points and toilets:* These are primarily meant to improve health status, relieve women the burden of fetching water, and improve community health. They also lay the basis for future limited economic activity, for instance through the use of water for marketed agricultural produce. There are many examples of projects like these in Sub Sahara Africa (SSA), but not all of them have the capacity to graduate to stage (3). The SAF tries to create a basis for successful transition.
>
> *Roads/dams:* The building of roads is a critical step in the forging of links between poor communities and others beyond (primarily for trade) especially in urban areas. Similarly, dams give the community a potential instrument for increasing agricultural produce beyond subsistence levels, necessary for poor African households to participate in the market. Whether these are built through public works programs or community efforts is a matter of strategy rather than a factor of prevailing levels of poverty in the community concerned. There have been examples of community road construction (especially feeder roads) in SSA, but rarely is this experience transferred to local government road management capacities at the district-level. Similarly, the experience of communities in building earth dams is not always transferred to modify approaches adopted by the water sector responsible for dams within government. This is a challenge the SAF is taking on through the CSPC.
>
> *Schools and clinics:* These are important tools for the single most important investment under SAFs: human capital. The importance of education as a means for families to escape poverty in the future is well documented, and communities are well aware of it. Clinics and health-related investments are also clearly understood for their immediate benefits in safeguarding health (especially of children and pregnant women) so that people can more effectively participate in economic activities.

While SAFs have been relatively successful in promoting community-built schools, there has been limited success in the integration of other community processes into the way ministries of public construction, education, and health build their facilities meant for communities. Similarly, the experience of SAFs has had limited success in penetrating construction procedures utilized by local government agencies responsible for the provision of rural infrastructure. These are critical issues for the graduation of SAFs to stage (3).

MASAF response to drought

When Malawi was faced by drought and food shortage in 2002, MASAF was brought into discussions to assess how capacities built up through the SAF could be tapped for communities to respond to drought-related shocks. There were extensive debates over the use of food stamps, school feeding, health-facility feeding, food for work, and cash transfers. The Ministry of Education and that of Health were concerned that food distribution responsibilities for their staff would take them away from service provision at a time when there was already an acute shortage of teachers and health workers (some facilities were only 40% staffed). The weak delivery system in both local and central government was seen as too risky for putting food stamps through them, and certainly the issue of ensuring that only the deserving got them was raised. With respect to MASAF, it was decided that PMCs had not evolved into permanent community structures capable of responding to emergencies. Although the targeted provision of fertilizers and maize seeds in the past had experienced some problems with targeting, it was decided that this should be the only direct transfer program to be supported with Bank funds because the benefits were greater than the problems.

MASAF had experimented with food for work programs, but the logistics of food distribution were such that many communities had to wait for a long time to receive food from the World Food Program (WFP), and MASAF had to transfer cash in lieu of work done for food. Experiences from Southern African had further demonstrated that the top priority in times of food shortage should be the saturation of commercial food distribution channels, to allow those with cash (especially from remittances from families working in the city) to purchase food on the market. A second lesson from programs like MASAF was that cash transfers through Public Works Projects (PWPs) not only improves roads and bridges for food deliveries, but also strengthens rural food markets. On the basis of these arguments, it was decided that while the WFP would distribute free food, MASAF would principally finance PWPs. Those involved with this program were later to learn that the long delays associated with the flow of funds from World Bank investment projects make these a poor response mechanism to drought.

Stage 3. Achieving visible economic development at the community level

At this stage, communities should have achieved a successful transition from the implementation of infrastructure projects and be ready to address issues of governance structures (attitude towards incomes, credit, knowledge, etc.) for sustained social and economic development. At this stage, the household should be able to actively participate in programs that have the potential to lift the whole household from poverty and set it on a road to economic prosperity. The kind of projects supported by SAFs at this stage are:-

Income generating activities: The growth of these is a sign that communities are going from infrastructure projects for service delivery to those for economic development. These projects are often managed using systems and knowledge gained at an earlier stage (organizing to implement infrastructure projects, be they at community or household levels). It is also at this stage that a transfer program can have a redistribution component – e.g. providing one family with a cow or goat and expecting the family to donate the first offspring to the next family – and lay the basis for households to graduate to the next type of project. There have been projects designed along these lines, usually linked with research into improved animal breeding programs, but there is little documented evidence of their scaling up into mainstream agricultural extension work. Social capital built during earlier stages of the SAF should provide the basis for successful scaling up of such research-related interventions.

Micro-credit: At this stage, households should have risen beyond subsistence and acquired some surplus that can be put into saving clubs as a nucleus for micro credit loan schemes. Community assets and any that might have accrued to the household from previous stages should at this stage show their effects, underlining the cascading effect of these stages rather than each being discreet and isolated. Most recent experiences on successful micro-credit schemes come from Asia, but there are examples of burial societies in Southern Africa and some agricultural credit unions in East Africa going down this road. There is nevertheless limited systematic evaluation of lessons from projects in Africa to feed the findings into the future design of SAFs.

Agricultural extension and marketing: This is the stage where knowledge systems are strengthened, and communities are able to utilize extension knowledge to increase economic production. While seed distribution could have been free at an earlier stage, communities at this stage should be able to organize themselves to purchase seeds and fertilizers in bulk and distribute such inputs using their own organizational structures. The work of some NGOs in a number of countries in this area has useful lessons for SAFs that need to enter this evolution stage in readiness for the final stage.

Stage 4. Sustaining economic development without external resources for infrastructure provision
At this stage, communities can no longer be classified as being part of the poor, and are able to utilize information and apply their own economic resources to deal with community problems. While this stage can be a long way for communities involved in infrastructure projects in stage (2), it is never too early for planners and managers of SAFs to plan for it and introduce the seeds for change at that earlier stage. Some of the important activities at this stage are:-

School management: Parent management in partnership with government (local or central) become features of not only schools built through SAFs, but for all schools in the community. Within a community management framework, it is at this point possible for parents to make inputs into discussions on the kind of education their children are getting and organize bursaries for children from the poorest households. In a number of countries in Southern Africa, Ministries of Education are handing over major primary school management responsibilities to School Committees which bring together teachers and parents in the administration of schools.

Clinic management: Community clinic management in partnership with government is usually a desired goal of many health ministries. In the management of health facilities in SSA, the approach has been to hand over health facilities to health workers rather than to communities (compared to schools) and this has produced a different management culture in health ministries compared to ministries of education. Gaining a better understanding of these approaches, and the lessons to be learnt, should be an integral part of future design approaches for SAFs.

Information technology: Households and communities that are in a position to use knowledge and increase their ability to stimulate further growth should have access to modern technology for information dissemination. Acquisition of radios, TVs, telephones, and other information tools (like community computers in parts of rural South Africa) are important activities at this stage. Information on markets is particularly important for communities that reach this stage.

If this stage is attained, a SAF is ready to be replaced by other mechanisms to meet the needs of those who need safety nets transfers while infrastructure delivery is transferred to LAs. It should be possible for local governments to work with community structures to design and implement appropriate development programs implemented through private providers. A new world view should has emerged at this stage, and communities should be ready to utilize different tools for economic development. The success of integrating SAFs into institutions for governance and economic development should influence the time-frame for going beyond SAFs into new strategies.

4.4 SAF exit strategy

Recent design innovations in the SAFs suggest that a ‘conveyor belt’ effect is likely to emerge where individuals, households, and communities receive help to get out of poverty. For the poor individual, there are three options to get on the SAF conveyor belt: as an able-bodied adult in the public works program, as a member of a poor community where public services are needed, and as vulnerable individuals who need the assistance of NGOs/CBOs to organize and access support from the SAF. Any of these three can help an individual get on a conveyor belt that gives them access to higher incomes (wages on PWP and PMC managed sub-projects, and incomes from investments implemented by CBOs/NGOs). With these incomes, individuals and households are given support to organize themselves into Savings Clubs. The community savings and investment program aims to encourage individuals and households to borrow from their own savings held by the savings groups and clubs rather than rely on outside lenders. In this construction, SAF resources can be used for capacity building, but not for lending. Successful savings groups will be supported to identify investment and marketing opportunities so that they can become actors in the market – and thus leave the conveyor belt.

Privatization is the ultimate form of decentralization when the individual holds the knife (social capital in the form of knowledge, skills, etc.) and the market has the yam (return on goods and services supplied by individuals). This is the end-point for a SAF when individuals who first benefit by receiving wages go on to become savers and investors. Those groups that produce for the market will be integrated into mainstream development efforts and participate in self-help efforts to build schools, clinics, water points, and others from their own resources. Still, there will always be room for the SAF through the LA to channel resources to communities for the construction of public assets such as roads, flood control structures, bridges, water shed management, soil conservation, etc. In a SAF integrated into the LA, the funding of such investments would be by way of contracts issued by LAs for community contracting groups to compete. In Tanzania, the realization of this goal is dependent on the speed with which LAs will be able to meet LGRP access criteria so that SAF resources are treated in the same way other central government development grants are channeled to LAs (in the case of Tanzania both District, Municipal, Town, and Village Councils).

The SAF represents the accumulation of development experiences from some countries that have tried to adopt a Demand-Led Approach (DLA) to service provision. While existing SAFs have come under critical review for the way they interact with a number of Government agencies, their DLA gives them the kind of flexibility that is likely to see them evolve into new and more effective instruments for assisting the poor join mainstream development. The combination of DLAs with the multi-sectoral nature of SAFs makes these instruments adaptable to the needs of various sectors and societies at different stages of development, allowing for an effective partnership between communities, their representative political bodies, and bureaucracies with purely technical responsibilities. Just as the SAF of 2004 is very different from the SF of 1987, it is expected that the instrument will continue to evolve in response to the challenges of governance and poverty in African countries.

Government executive agencies

The three SAFs as they stand today function more like Government Executive Agencies (GEAs) for social mobilizations; the most advanced in this direction being MASAF, but TASAF not far behind. In MASAF, Government has over the years channeled its resources to finance Cash Relief for Work during droughts. Furthermore, MASAF is the agency selected to deliver IDA US$16 million for a Community-Based Rural Lands Development Project so that community groups can get funds to purchase land and finance its development; while the Ministry of Lands and Surveys addresses issues of land registration, land titling, LA capacity building, surveying, tax administration, etc. In this respect, MASAF is evolving into a GEA whose primary function is to finance community investments in a targeted way, complementing the work done by a National Safety Nets Unit under the Department of Poverty Alleviation and Disaster Management. In Tanzania, TASAF is playing a similar function with respect to funds from IDA (for two projects on Marine and Coastal Resources, and on Forestry Management) where funds for community activities are going through TASAF while central government ministries deal with capacity building, policies, and regulations in the relevant sectors. The OPEC Fund is also channeling funds through TASAF to support community-funded interventions in some of the poorest regions in Tanzania. In the words of MASAF Executive Director, the SAF is "evolving into a knowledge institution capable of supporting community development efforts, working through the LAs".

The 'exit strategy' for the SAFs seems to be through their integration into LA operations by taking on board all the features of a CDD approach, and finally getting completely out of the business of public asset provision into supporting individuals and households become savers and producers for the market. It would then be up to the LAs to collect taxes from these producers and remain accountable by channeling these resources back to communities for service provision. In the GEA mode, the SAF is also evolving into an important knowledge centre on how a performance culture can be nurtured in the public sector in support of decentralized service delivery through LAs. The ultimate challenge for SAFs is whether they can successfully respond to stalled economic growth in Africa and stimulate a rural economy that can drive equitable and sustainable national economic recovery. In that final phase, SAFs can claim to have successfully assisted the poor in becoming better-equipped participants in the market place.

ANNEX: STAGES IN THE COMMUNITY SUB-PROJECT CYCLE

Stage 1: Sub-project identification with Extended PRA (1 month)

Main actions in this stage
Confirmation of community needs
Confirmation of priorities
Formation of PMCs for sub-project
Project preparation
Completion of environment forms
Preparation of procurement plan

The E- PRA tool is used by SAF and Ministry of Local Government to integrate community empowerment issues into bottom-up planning approaches promoted within LAs. The process is facilitated by a Community Facilitator (CF), District-level extension staff or/and any other competent development agencies in the community - including CBOs/CSOs. Community sub-project selection criteria emphasize demonstrated active community involvement, contribution and management in design, implementation and operation, and gender sensitivity. The SAF uses E- PRAs to also assess the eligibility of community sub-projects, which must:-

- be community-based;
- involve simple technology manageable by communities;
- serve poverty reduction objectives;
- be identified, prepared and managed by communities;
- reflect community demand and willingness to co-finance and participate;

To facilitate the process of preparing a project proposal, the community elects a project management committee (with the support of lower-level structures to develop the project with the assistance of extension workers and/or NGO/CBO/CSO). The PMC completes an environment form, prepares a simple procurement plan, and fills a project application form – which is submitted to the lowest level Technical Team for submission to the District-level counterpart. The PMC retains one copy of the completed application form.

Given the high profile of SAF activities during the pre-CSPC phase, it is difficult to find a community that is not aware of what sub-projects are funded by SAF (often in neighboring communities). It also becomes difficult to differentiate between 'community demands' as determined during PRA processes and project requests by community members keen to make sure that they get resources. In response to this challenge, MASAF 3 and NUSAF have introduced a Project Interest Form (PIF) which a community can submit even before PRAs are conducted. A community that for instance requests for a clinic even if there is one within the national stimulated norm is expressing a desire rather than demand. A comparison between PIF requests and results after E- PRAs will provide LAs and SAFs with useful information on how community needs are generated and articulated.

A major challenge in this stage has been the wide variations of PRA tools deployed by LAs when preparing District Development Plans and when facilitating the preparing investment proposals through the E-PRA. The SAF has left the details of PRA processes to LAs, and this has been a kind of **'planning black box'** that has to some extent explained the problems associated with many sub-projects (through inadequate attention paid to the mainstreaming of gender, environment, HIV/AIDS, monitoring, and other cross-cutting issues).

Stage 2: Desk Appraisal (0.5 month)

Main actions
Submission of proposal.
Receipt of proposal.
Review form for completeness.
Check eligibility of sub-project.
Ensure all attachments are there (action plan, budget, drawings and sketches, procurement plan, evidence of PMC election).
Fill in Desk Appraisal Form.
Give feedback to PMCs.

Desk appraisal is done at district-level within fifteen days of receiving the application form. The project proposal is appraised by a District Technical Planning Committee (DTPC). This committee comprises the Heads of the Sector Departments, chaired by the District Chief Executive Officer (DCEO) and District Planning Officer (Head of the District Planning Unit) as secretary. The DTPC and NGO/CSO/TA carry out a preliminary appraisal to ensure that the proposed sub-project complies with the selection criteria, that environmental and gender concerns have been addressed, and costs and benefits have been analyzed.

Other issues against which the proposal is examined include:

- Poverty targeting;
- Reflection of community demand or needs;
- Geographical distribution of the infrastructure;
- Sustainability in provision for recurrent costs and maintenance;
- Simplicity in managing the proposed project;
- Community co-financing and participation;
- Sector norms and standards;
- Technical viability;
- Capacity of the district to provide technical support during implementation;
- Compliance with district priorities; and
- Coordination with other activities in the district.

In MASAF 3 and TASAF II, the ability of community sub-projects to facilitate communities' contribution to the attainment of MDG indicator targets will be important considerations during desk appraisal. The setting up delivery benchmarks related to sector norms and standards is meant to ensure that community-implemented interventions do not undermine sector development strategies by putting up infrastructure that cannot be met from existing recurrent cost funds.

Stage 3: Field Appraisal (1.5 months)

Main actions
Form team and notify members.
Distribute sub-project documents.
Convene meeting to plan visit.
Notify community of visit dates.
Make field visit to appraise.
Sign Field Appraisal form.
Write Field Appraisal Report.
Submit report to approving body.

While the actual Field Appraisal takes about three days, the processes of planning for it and ensuring that the relevant technical staff are available can be lengthy, hence the allocation of six weeks to this stage. In all cases, the coordinator will organize for all relevant sector expert(s) of the DTPC and an NGO/CSO technical expert to visit the project site for field appraisal. The objective is to verify the information provided in the application form, and includes: -

- Participation of the community in the project,
- Implementation capacity of the community,
- Availability of support services during implementation,
- Contribution from the community,
- Environment safeguards are in place, and
- Operation and maintenance arrangements have been discussed.

A field visit report is prepared as an important input into decision-making by district-level structures set up to approve the sub-projects.

The Field Appraisal stage is a critical one for those projects which might fail on account of inadequate community ownership – which could be a result of poor facilitation at the E- PRA phase of sub-project identification. SAFs are encouraged to keep records of all sub-project proposals which fail the Field Appraisal stage for monitoring and evaluation purposes. The Field Appraisal a ‘litmus test’ on the quality of processes followed by a SAF in empowering communities to develop sub-projects in response to needs.

There have been extensive discussions on the role of local representatives in the sub-project cycle, and besides the mobilization stage, they are often involved in the period between desk and field appraisal where they validate community opinions on all sub-projects awaiting field appraisal. This provides a good meeting point between technical and political processes in communities because Councillors and Members of Parliament, if notified of forthcoming field appraisal visits, are able to mobilize communities to express their views when the actual appraisal takes place. The management of this process is critical to ensure that the SAF is not politicized along party lines and thus undermine one of its basic principles.

A major challenge for SAFs is in defining community contributions. There is a temptation by officials to insist that community contributions should be in cash. The SAF response has been that since cash is used to purchase inputs that are often available in communities, the stipulation that contributions must be in cash has been discouraged; and the practice has instead been to cost community inputs and calculate their cash equivalent using local pricing. This re-enforces to all involved the view that community inputs in kind are as valuable as cash, including their time for management and supervision (which project managers, architects, and contractors charge for when they manage projects). This is an important practice for stimulating community attitudes towards their resources, assets, and time.

Stage 4: Approval (1 month)

Main actions
Consolidate sub-projects report.
Submit report to Technical Body for approval.
Present report to LA for endorsement.
Submit to SAF for funding within specified ceilings.
Notify PMC of outcome
Capture information in MIS

After the appraisal by the DTPC and the NGO/CSO/TA the DCEO convenes a meeting for the DTPC to brief the District Executive Committee and get its endorsements before submitting the sub-projects to the SAF-MU. The DEC endorses approved sub-projects on the basis of the desk and field appraisal reports by the DTPC and decisions of the LA as articulated in the approved development plan. This process is smooth as long as the sub-project is within the approved District Plan. Where communities are making requests to support sub-projects outside the District Plan, approval is not by the DTPC, but by the full LA after recommendations are received from the DTPC.

After approval, the DCEO signs the list of sub-projects which includes the budgets, respective sector, technical plans and timetable, community contribution, facilitator, NGO/CSO, etc. The original list is forwarded to SAF-MU as authority for funds to be disbursed to PMCs once the bank accounts are opened. Copies are sent to the PMC and respective NGOs/CSOs. Copies are retained in the Project Office and in the DCEO's Office for reference. SAF-MU carries out a limited random review of the appraisal and approval processes undergone by the sub-projects at the district and sub-district levels as a quality control measure. Sub-projects above the threshold for funding require National Steering Committee (NSC) approval on the advice of the SAF-MU within the maximum ceiling. In order to enhance accountability, an Advisory Committee of sector experts for the Board has for instance been constituted in MASAF to ensure that all sub-projects are screened for compliance with sector norms; and those districts with a pattern of working outside sector norms will be targeted for extra capacity building efforts.

Funds are released to the community, NGO/CSO, and LA accounts from SAF-MU against the signed sub-project lists within two weeks of receipt of the funding request. For sub-project requests above the ceiling, funds may be released within 4-6 weeks after the receipt of the funding request to allow for a review by national technical experts from the sector ministry. While much focus is on the performance of LAs, there are a number of indicators to measure the performance of the SAF MU, and the results can be used by the Board to recommend actions in the way the SAF MU is run.

Those districts who have met agreed delivery benchmarks submit approved sub-projects to the SAF and can opt to receive a block amount for disbursement to implementers (PMCs and CBOs) or they can request the SAF to disburse directly to the PMCs, and only send the supervision budget to a Local Authority account. This is one step from the allocation of conditional block grants to LAs for disbursement in line within the CDD approach – which can be attained once Essential Service Packages and Community Service Packages are funded from the Ministry of Finance via the District Council (see section 5 for a discussion of these packages in MASAF 3).

Stage 5: Launch (0.5 months)

Main actions
Signing of agreement.
Induction of PMC.
Launch with first tranche.
Mobilize community contributions.
Open current bank account.
Training of PMCs.

Upon approval of a sub-project proposal, a sub-committee of the DTPC, comprising the District Planner, District Finance Officer (with the relevant contracted NGOs/CSOs/private agency) and DPC will prepare an implementation and financing plan and a financing agreement to be signed between the DCEO and the appropriate local authorities for multi-community sub-projects. For sub-projects to be implemented by the NGO/CSOs the agreement will be signed with the DPC and the respective Chairman, Secretary and Treasurer of the PMC set up by the NGO/CSO. Funds are channeled into the respective bank accounts of the NGO/CSOs and PMC upon receipt of the signed Financing Agreements. The Financing Agreement commits the village and NGO/CBO to implement the project as indicated in the implementation plan they submit and approved. For projects implemented through the LA, a single agreement has been developed covering the obligations of the SAF MU and the LA rather than signing separate agreements per sub-project (there could be modifications once results from a pilot in Tanzania are available on how greater accountability can be fostered between the LA, Communities, and local Labour-Based Contractors). Thus, emphasis is in building the capacity of an implementing agency rather than on performance over a single sub-project. Even a community can have several interventions under a sub-project managed by a single PMC with one Financing Agreement within the agreed financial ceiling.

A project launch for each sub-project is attended by communities in a village where the activities will take place. At the launch, the objectives of the project, the activities to be implemented, the roles and responsibilities of all parties, and the financial contribution from SAF are re-stated for all members of the community to hear. The holding of a launch ceremony soon after the sub-project is approved is to ensure that the original PMC members are still living in the community and that the community still supports them. It is at the launch ceremony that various procedures of the SAF are re-explained to the community, in particular obligations of the community to secure their inputs, PMCs to manage in accordance with the rules, roles of District technical supervisors, SAF funding guidelines, reporting, and auditing procedures. Either before or after the launch, the PMC is given the necessary training to manage the sub-project. A project launch provides a basis for the community to collectively monitor implementation progress.

Stage 6: Implementation and monitoring (7 months)

Main actions
Procurement of goods and services.
Daily work scheduling.
Record-keeping.
Physical implementation.
Disbursement to contractors.
Technical supervision.
Physical checks.
Internal sub-project audits.
Monthly progress reports.
Second and third tranches.

(a) Community contracting[43]

Implementation is the sole responsibility of communities through elected community PMCs supported by District sector experts, extension officers, NGOs and CBOs operating in the community. The DPC/SAF-MU through the district shall provide the necessary training to the PMC treasurer and other executive members in procurement, disbursement and accounting principles before receiving the funds to enable them carry out the procurement function in a manner acceptable to the Government and the funding agency. Sub projects implemented by more than one implementing agency (i.e. the PMC and CBO) also form a procurement committee composed of both PMC and CBO representatives (with the majority being from the PMC), and the members must be named in the Financing Agreement. Such a committee is given copies of community procurement procedures translated into local language.

The PMC is responsible for procuring all the human and material resources necessary for the implementation of the community sub-projects. The PMC follows community contracting procedures when procuring goods and hiring labor beyond the 20% community contributions. The PMC, or the NGOs operating on their behalf, will procure the necessary materials for the sub-projects on the basis of agreed procedures. In order to ensure quality of work and adherence to sector norms and standards, the CSOs/NGOs are technically supervised by teams from the LA, sometimes with larger NGOs contracted in for specialized supervision.

Community sub-projects are mostly small, labor-intensive, community-based activities such as construction of classrooms, teachers' houses, community roads, granaries, water wells, dug-out ponds, valley tanks, etc. It's unlikely that these activities would attract international bidders. The average size of the sub-projects approved by the LA, through the DTPC and DEC, are usually small in amounts requiring a maximum of US$20,000 contribution from the SAF. Different ceilings are set for what the SAF can contribute to a sub-project depending on the implementing agency: US$45,000 for LA-managed PWPs, and US$20,000 for initiatives managed by PMCs and NGOs/CBOs.

[43] See De Silva, S. (2000) *Community-based contracting: a review of stakeholder experiences*, World Bank, Washington DC

Bidding under Community Procurement

Once community sub-projects have been approved, the district authorities send a general advertisement to local radios and newspapers or to localities where potential contractors and suppliers are likely to visit such as district, sub-county, parish and village notice boards. Such local advertising helps improve transparency and increases competition. Potential candidates are encouraged to express their interest directly to the implementing agency (PMC, NGO/CBO, etc.). To support this process, the LA is encouraged to keep a list of potential contractors and suppliers with the necessary experience and track record, and such a list can help the community to identify qualified bidders. Due to the limited number of commercial outlets in rural areas in the three countries implementing SAF, the list of known service providers has proved very useful to PMCs, NGOs/CBOs, and LAs. In Malawi for instance, district shows have been organized for local artisans and suppliers to display their products for the benefit of PMCs and other implementing agencies.

The main procurement processes followed by PMCs, NGOs/CBOs, and LAs implementing SAF supported sub-projects are summarized in table A1.

Table A1. Summary of local bidding procedures, schedule and actors

Level	Task/Action	Actors	Timing	Note
District	General advertisement on the opportunities to bid.	DCEO	After project launch	Annex should be available.
	Establishing a roster of potential contractors and suppliers.	DCEO	After the first advertisement and thereafter.	
Community	Advertising community procurement using local notice boards, radios, religious and other gatherings.	PMC	Soon after notification of subproject approval.	Advert should be in writing.
	Issuing bidding documents to interested bidders.	PMC	Within two days from expressed interest by potential bidders.	Using documents provided by the District (samples should be provided)
	Bid opening and evaluation.	PMC	Bid opening at the announced time and place, and evaluation within a week of the opening.	Record prices and members and bidders names, bid evaluation to be prepared for ex-post financial review.
	Decision on the award and announcing it.	PMC	Within 14 days of the bid opening.	Award announced to all bidders; a copy of bid evaluation form and award decision sent to the DTPC.
	Signing of the contract.	PMC	Within five working days of announcing of the award.	Annex usually provided.

(b) Disbursement[44]

The SAF Management Unit disburses funds to sub-projects in phases specified in the financing plan and agreement (usually 40%, 30% and 30%). Disbursement is made upon receipt by the SAF-MU of the following documents:-

- A summary appraisal report with recommendation/approval signed by the District Approving Authority and the PMC;
- Details of the bank account to which the funds are to be transferred;
- Evidence that community contributions are available; and
- A simple procurement plan for the sub-project.

The initial disbursement is made upon receipt by SAF-MU of a Request for Funds (RFF) from the LAs based on the approved list of sub-projects indicating the mode of execution. This is usually a consolidation of RFFs from CSOs and communities together with the districts' own requirements. The second and third tranches are disbursed after the DTPC has received:- a statement of expenditures incurred, accompanied by the relevant documents and a reconciled bank statement (if applicable); a brief report on planned and actual progress with relevant minutes/records of community meetings; and a work plan for the next phase. The second tranche is only released after the sub-project has accounted for at least 70% of the first tranche. The third tranche can only be disbursed if at least 70% of the second and 100% of first trance have been accounted for. Before disbursement of the third (final) tranche, the DTPC, in collaboration with the PMC, LAs, CSOs/NGOs and CBO, undertake an assessment of sub-project requirements for completion and revise the budget accordingly.

(c) Government contributions

The Government budgetary allocations to the SAF are often equivalent to 10% of the total project costs. These funds are provided as 'counterpart funds' and are disbursed to the SAF MU on a quarterly basis in line with approved work plans. SAF MU submits quarterly financial statements to Government to ensure that these counterpart funds continue to flow. In addition to these counterpart funds, the Government funds costs of staff who provide support to the SAF, from Permanent Secretaries in those Ministries who sit on SAF Boards to national sector ministry staff who provide technical norms and standards to the SAF MU. At the LA levels, there are technical staff who perform various appraisal, approval and supervision functions throughout the sub-project cycle. Their staff costs are paid for by the LAs and constitute an indirect contribution on behalf of Government. The technical staff of LAs on the Technical Planning Committees are full-time staff of LAs whose salaries add to the indirect cost contribution of Government, but in some instances the SAF channels funds to the LA for the hiring of these full time staff. The estimated level of indirect financing born by central government and local government agencies amount to another 8% of total project costs, and this is often off-set against the indirect tax element of the project.

[44] More details can be found in "Fiduciary Management for Community-Driven Development Projects: Interim Reference Guide" issues by the OPCS, 2002

Stage 7: Completion and inauguration (1 month); and evaluation

Main actions
Produce completion report.
Verify work completed.
Train community in operation and maintenance procedures.
Prepare completion certificate.
Inaugurate sub-project.
Hand-over to relevant sectors.

Stages 1-6 in the sub-project cycle represent joint actions of communities, District staff, and NGOs/CBOs/Private sector agencies. In this final stage, the sub-project is either inaugurated/handed over to the sector ministry for management, or it is taken over by the appropriate community-level agency with responsibilities for Operation and Maintenance. While there is a post sub-project cycle evaluation, the objective of the completion assessment is to check on:-

- technical performance,
- resource utilization,
- participation of beneficiaries,
- fulfillment of community obligations,
- fulfillment of obligations by co-operating agencies,
- existence of satisfactory maintenance arrangements,
- impact of the sub-project on community and district services, and
- project sustainability.

Within a period of one month after the completion of the sub-project, the PMC submits a final completion report to the LA (using a standard format). Staff working on SAF together with the relevant district sector staff visit the sub-project site to certify that activities have been carried out as planned, whether the sub-project objectives have been met and if the budget has been well utilized and fully justified. For sub-projects such as water points, the inauguration process must be preceded by training in operation and maintenance, but this is less critical for such sub-projects as clinics which are handed over to the health sector for operation and maintenance. In all sub-projects, the inauguration provides the community with an opportunity to celebrate the completion of their sub-project, to publicly receive a report on the accounts, and for the SAF and District teams to re-emphasize important issues related to accountability and community ownership of the asset created out of this partnership.

Before the sub-project is completed, the participating community is trained in basic skills on how to operate and maintain the facility. Individuals to be trained are selected by the community and training provided by LA staff, NGOs, or other development agencies in the area. The sub-project is officially opened in a ceremony similar to the launch, and it is then that other community project management committees that are going to implement similar sub-projects are invited to get first-hand experience from the community that has just completed a sub-project.

Stages 1-7 supervision, monitoring and evaluation

At all levels and stages of the Sub-Project Cycle, monitoring checks if (a) technical specifications are being adhered to, (b) the sub-project remains cost-effective, (c) the sub-project will meet all functional definitions when complete, (d) environmental concerns are fully addressed, and (e) progress towards physical completion is on course.

Stage/Activity	**MONITORING**				
	Technical specifications	**Cost-effectiveness**	**Functional output**	**Environmental compliance**	**Physical completion**

At the local level, monitoring is done by the PMC, the communities themselves, extensions staff, Sector experts at the district and sub-district levels, DTPC, the District Council. The NGOs/CSOs participating in the project at the various levels also monitor the sub-projects. At the national level, supervision and monitoring is done by the SAF-MU on behalf of the Board and other Government agencies. In Tanzania, communities have brought into SAF operations an old practice where the PMC prepares a written report on progress, and reads it out especially when government officials visit the sub-project. In some communities in Tanzania, there is a notice board where information by officials and feed-back by communities are posted for all to read. This 'village gazette' has also been used in many villages in Mtwara.[45] Similarly schools in Tanzania are traditionally expected to post information on attendance to a board, and anyone coming to a school can view such information.

During implementation, the PMCs, prepare monthly progress reports and submit them to the LA Technical Planning Committees. At the district level, the DTPC prepares quarterly consolidated progress reports on behalf of DCEO and submits them to the DTPC and SAF-MU. The DCEO submits the same to the District Executive Committee. At the national level, the SAF-MU prepares a consolidated progress report and submits to the Board (or in some instances National Steering Committee) which subsequently reports to national agencies representing sector interests.

A completion evaluation is done by:-

i. *Communities* who carry out a participatory assessment of the sub-project six months after the completion to assess how the community has benefited from the project; and
ii. *District Sector Experts* who collect information from the completed projects or institutions and submit it to the DTPC – which submits it to the District Executive Committee and the Project Monitoring Unit of SAF-MU on a regular basis. The DTPC and SAF-MU then use this information to assess project impact at the district level.

The responsibility for monitoring and evaluating SAF initiatives is thus shared between communities, district staff, line ministries, sponsoring agencies and independent external evaluators. SAF MU and other partners prepare periodical reports to be shared with the Board, Ministries, and development partners. The SAF MIS is able to monitor physical progress and link it with financial expenditures. A number of typical monitoring indicators (table A2) provides all the actors in a CSPC common measures to monitor progress and evaluate results. In the CSPC, the key input indicators to be tracked relate to the time it takes to undertake each of the stages and provides all actors with an

[45] The 'village gazette' is described in a personal communication from Col. Kabenga Nsa Kaisi, former Regional Commissioner of Mtwara, Tanzania.

objective measure to compare performance. A number of outputs from these stages in the sub-project cycle are specified and are currently the main ones reported in quarterly progress reports from the SAF Management Units. The three SAFs have mainly focused their reporting on the outputs, with only a few indicators to measure outcomes. This situation is expected to change in MASAF 3 and subsequent phases for any of the other SAFs once there is a shift towards community service delivery and away from infrastructure provision.

Table A2. Typical indicators for a SAF sub-project cycle

Process/input	Output	Outcome
No. of days between each stage of sub-project processing	No. of person days of labor created under the project No. of infrastructure facilities rehabilitated or constructed by sector to improve specified services. No. of applications submitted by communities. % of sub-project proposals appraised (as against applications received) No. and cost of sub-project approved No. of sub-projects implemented (planned vs. actual, numbers, and costs) No. of project monitoring reports No. of independent evaluations and assessments done. No. of persons reached through promotional and IEC activities % of total sub-projects that have monthly supervision visits No. of training or capacity building sessions No. of sub-projects managed by Community Project Committees % of women participating in operating and maintaining water resources No. of sub-projects managed by CBOs/NGOs No. of vulnerable persons reached and assisted No. of sub-projects managed by other organizations	Amount of wages generated as a result of the project (planned against actual) No. of people with increased access to services by sectors, e. g. % of reduction in walking distance to safe water sources. Improvement in measures of Country MDGs and PRSP targets.

Information on outputs from SAF contributes to a national system that not only reports on project progress, but also contributes to analyses conducted on poverty trends in the Districts and in the Country. Household surveys capture district level information as well as vulnerability conditions in the districts, while SAF-funded beneficiary assessment at mid-term and evaluation surveys at the end of the project assess project effectiveness in reaching its target population.[46] This information fits in with efforts by the Ministry of Finance to develop a harmonized Monitoring and Evaluation system for Poverty Monitoring and Analysis within the PRSP. Thus, the SAF contributes to this by implementing a good Management Information System backed by a Monitoring and Evaluation capability for analyzing the information collected (format below for documenting critical M&E data for tracking progress towards set targets).

[46] Details on the design and execution of Beneficiary Assessments can be found in World Bank (1999)"Beneficiary Assessment for Social Funds".

M&E format for capturing data on agreed targets

Output	Indicator	Target	Level for:-		Targeted audience for data	Use of Information by target audience	Frequency of:-	
			Data collection	Data analysis			Data collect-ion	Reports

The combination of data from this table with sector norms should yield information on 'potential increased access' to services, and this can be improved further by tracking intermediate outcomes resulting from community investments.

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